



Consumers International



# Consumer Policy and Consumer Organisations in Central and Eastern Europe



**Consumer Institutions and Consumer Policy  
Programme 1998-2000**

# **Handbook**

## **Consumer Policy and Consumer Organisations in Central and Eastern Europe**

### **2000**

**International Consumer  
Research Institute (ICORI)**

Frankopanska, 5  
1000 Ljubljana  
Slovenia  
E-mail: [breda.kutin@guest.arnes.si](mailto:breda.kutin@guest.arnes.si)

**International Consumer  
Policy Bureau (Scotland)**

19 Eglinton Crescent  
Edinburgh EH12 5BY  
Scotland  
E-mail: [jeremy.m@which.net](mailto:jeremy.m@which.net)

Researched and edited by  
Alastair Macgeorge



**Consumers International**

**Office for Developed and Transition Economies**



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# Introduction

## The changing scene

**The four years since the previous version of this Handbook was published have seen immense and varied changes in Central and Eastern Europe. While some parts of the region have experienced increased political stability and economic growth, others have suffered from the tremors of war and a persisting struggle to meet the basic needs of the people. The problems of managing the transition to a market economy have become no easier with the passage of time.**

In this volatile context, the development of policies and structures aimed at protecting the interests of consumers has been equally diverse. The most powerful political motivation has been the desire to ensure that consumer protection law is aligned with European Union legislation, although frequent changes of government in some countries have tended to slow up its introduction. Every country but one covered by this Handbook now has in place or under debate a legislative programme consisting either of a wide-ranging consumer protection act (in many cases, amended once or more and backed by separate detailed laws and regulations); or of individual laws designed to conform to the requirements of the *Acquis Communautaire*.

However, these welcome advances on the legal front have not always been matched by changes necessary to ensure that ordinary consumers benefit from the new rights that the law has given them. In some cases, confusion remains among governments (and, it has to be said, in some parts of the

independent sector too) about the objectives and scope of consumer policy, the organisational structures needed to achieve them and the respective roles of government bodies and independent consumer organisations. Consumer policy is often on the margin of governments' priorities (a state of affairs also found in many European Union member states). There sometimes seems to be a political vacuum in relation to consumer policy and a hesitation about committing the financial and human resources needed to make a success of it, for example in making sure that consumer protection laws are enforced effectively. The problems of both policy and enforcement are made more difficult by a serious lack of effective co-ordination machinery almost throughout the region; and in a few countries, by untidy boundaries or power struggles between enforcement agencies.

Access to justice – the ease or difficulty with which the consumer can obtain redress under the law for faults in products and services, breaches of contract by suppliers, and so on – is another area in which comparatively little progress has been made (with the notable exception of Poland). Some countries have introduced arbitration schemes: but many of the new laws, both criminal and civil, remain largely untested in the courts; judges have little or no experience in the award of damages for consumer detriment; and consumers depend heavily on advice systems, both state-run and independent, for help in resolving their problems.

Advice has been the major growth area in the independent sector over the course of the two PHARE CICPP Programmes. Independent

consumer organisations in almost all of the thirteen countries covered by this Handbook now run some form of advice system, ranging from telephone hotlines to one or more Citizens' or Consumer Advice Centres with trained staff: and the Romanian Association for the Protection of Consumers hopes to embark on a pilot project in 2000. Some organisations offer professional legal advice, or will take cases to court on behalf of consumers. A few networks are supported by information systems that provide the staff with essential back-up to ensure that the advice they provide is factually and legally correct and up-to-date.

This major development owes a great deal to the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV), which has provided training and expertise to nine countries in both advice and information systems, and to the German government, which has backed the practical support with the necessary initial funding. The UK Department for International Development (formerly known as the Know-How Fund), the European Commission's PHARE Democracy Programme, and the Nordic Council have also played, or are playing, a considerable part in helping to finance the spread of advice for consumers in several countries in the region.

Nevertheless, this growth has not been without its problems – particularly over long-term funding, where there are unresolved tensions between the public and the independent sectors in one or two countries.

There are now national independent organisations in ten of the thirteen countries, of widely varying strength and influence, as well as a variety of smaller groups, sometimes complementary to, sometimes competing with, the established organisations. One encouraging development is the emergence of active groups in countries of former Yugoslavia – Croatia, Montenegro and Serbia itself, which have not been covered by the two PHARE CICPP Programmes. Consumers International is gathering information on the organisations in these countries with a view to providing practical help where possible.

Six national consumer organisations currently receive some financial support from their governments, usually for particular services: one or two others receive help in kind. Also in one of the three countries without national organisations – Czech Republic – the leading groups are financially supported by the government.

It is important for governments of the region and funding agencies to recognise that, for the foreseeable future, no independent consumer organisation providing professional services to consumers in its community (notably advice and information) can expect, or be expected to, to finance its operations from its own resources. All such organisations will continue to depend heavily on external funding, which, to ensure continuity of the services, will need to come from within their own countries.

This has implications for the relationship between governments and consumer associations, to which further attention needs to be paid during the next phase of development of consumer protection in Central and Eastern Europe.

## The project

Against this background, the role of the European Commission's Consumer Institutions and Consumer Policy Programme (CICPP) is to provide the various participants in consumer policy with technical assistance to help them meet the challenges that they face. Within the CICPP, the project which has been carried out jointly by the International Consumer Research Institute (ICORI – Slovenia) and the International Consumer Policy Bureau (ICPB – Scotland) on behalf of Consumers International has two components:

- the preparation of *Guidelines for consumer policy in Central and Eastern Europe*, published by Consumers International in March 2000;
- the compilation of a new version of the *Handbook of Consumer Policy and Consumer Organisations in Central and Eastern Europe*, to replace the second edition, published in 1996.

## Purpose of the handbook

This Handbook is intended to provide those who take part in making consumer policy in Central and Eastern Europe with a reference guide which summarises consumer law and policy in each state, as well as setting out the scope, functions, activities and contact details of relevant government departments and consumer organisations.

The countries covered by the Handbook are Albania, Bulgaria, Bosnia-Herzegovina\*, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia\*, Poland, Romania, Slovakia and Slovenia.

(\* new to this edition.)

## Scope

For each country, the *Handbook* includes:

- an account of the way that consumer policy and consumer protection have developed and the stage that they have now reached;
- a summary of the main features of consumer protection law and any new developments that are in prospect;
- an outline of the main problems faced in developing consumer policy, in particular concerning the relationships between government and the independent sector;
- a description of the consumer policy and consumer protection responsibilities of government departments and other state agencies. This includes, where available, details of functions, priorities, budgets, staffing and contact details;

- a description of the main independent consumer organisations. This also includes, where available, details of legal status, membership, aims, activities, budgets, staffing and contact details.

## Preparation

Using the previous 1996 edition of the *Handbook* as a basis, relevant government departments, other public agencies and independent consumer organisations were asked to provide updated information about their aims, functions, activities and resources. The two new countries were added, following the same methodology used in preparing the original *Handbook*. Some countries were also visited by members of the project team. The information in the *Handbook* is as accurate as it can be made at the time of going to press; we apologise for any errors which may have crept in where we did not have the opportunity for final checks.

The project team is grateful to Consumers International for its strong support throughout, and to the EU PHARE Programme for providing financial resources for this aspect of CICPP work.

The team would also like to thank all the government officials and consumer organisation leaders in the thirteen countries covered by the *Handbook* for the time and effort they spent in responding to requests for information and checking. Most of the individuals concerned are working under great pressure, and we appreciate what they have done to help us to understand the complex and often rapidly changing situations in their countries. We also very much appreciate their willingness to work with us in English.

**Alastair MacGeorge**  
Project Associate

**Breda Kutin**  
Project Director - ICORI

**Jeremy Mitchell**  
Project Director - ICPB

**Barbara Miklavcic**  
Project Associate - ICORI



# Albania

## 1 Summary

**Albania's already difficult economic and social problems have been complicated in recent years, first by civil unrest (arising from the collapse of fraudulent pyramid schemes) and then in 1999 by the consequences of the conflict in Kosovo.**

Despite these difficulties, both the government and the Albanian Consumers' Association (ACA) have made considerable advances in protecting the country's consumers since 1995. New laws have been introduced – most importantly, a wide-ranging general *Consumer Protection Act* which came into force in 1997.

Responsibility for consumer policy and legislation, and its implementation, is now vested in the Ministry of Economic Co-operation and Trade. Some institutional issues, however, remain unresolved, particularly in the area of enforcement and inter-ministerial co-ordination. There is also as yet no formal consultation machinery to enable consumer representatives to be involved in debates on policy and other matters of consumer interest: the proposal to create a National Consumer Council included in the draft *Consumer Protection Law* is missing from the final version of the Act.

In the voluntary sector, the ACA will celebrate its ninth anniversary in September 2000. Under its founder-President, Dr. Islam Cani, it has made major strides over the past four years. Membership has grown to over 60,000 – an astonishing figure if this indicates real commitment rather than merely a list of

names. ACA's regular volunteer workforce exceeds 5,000, and for particular campaigns or moments of crisis this can rise to over 11,000. With financial aid from various foreign aid programmes, it has established and equipped six regional centres, trained staff and set up a free advice service in each of the centres, as well as on a local basis. These regional offices, which may shortly be increased to twelve, serve 62 branches in 37 regions of Albania, which in turn are linked to 682 local consumer groups. In the first three quarters of 1999, the regional offices handled more than 30,000 complaints and requests for help.

A new two-year programme started in January 1999, aimed at strengthening the Citizens' Advice network. These Citizens Advice Offices grew out of a project launched in 1996 to develop the advice and representation services of the Association, funded by the Phare Democracy Programme, the UK Department for International Development (DfID – formerly the Know-How Fund) and the Westminster Foundation for Democracy.

The new project, also funded by DfID and with additional financial aid from the American Foundation ORT, is providing further intensive training, running costs and equipment. This programme was interrupted by the conflict in Kosovo, but has now been resumed.

ACA has also been very active in helping refugees from Kosovo, with clothing, money and food, with support in locating missing relatives and with practical information on essential services. It is planning to continue this work by extending a helping hand to the

embryo consumer movement within Kosovo. ACA's main focus is on making people aware of their rights and obligations, generating a spirit of activism among a large army of volunteers, and providing practical information and advice on a nation-wide basis. It has a constructive relationship with the Ministry of Economic Co-operation and Trade in matters of consumer policy and draft legislation. The Ministry, for its part, has organised workshops, national and regional conferences, and open meetings with consumer groups to increase the awareness of both the public and the business community of the provisions of the *Consumer Protection Act* and other new laws.

## 2 Public Sector

### 2.1 Legal Framework

Law no. 8192 *On Consumer Protection*, first proposed by the Albanian Consumers' Association in 1992, was finally passed by Parliament on 6 February 1997. It is a wide-ranging general law covering consumer rights, health and safety, responsibility of producers for defective products, the obligations of sellers, misleading and unfair advertising, the role of consumer associations and the responsibilities of state authorities.

Law no. 8044 *On Competition*, regulating competition and monopolies, was passed by Parliament on 7 December 1995.

Specific legislation deals with standardisation and quality, and lays down the duties and rights of the Directorate of Standardisation and Quality (Law no. 7630, 28 October 1992): this was updated in 1995 to bring it into line with European legislation. A Decree embodied in Law no. 7644, 2 December 1992, sets out the responsibilities of the State Sanitary Inspectorate.

Two new pieces of legislation have been added during 1999:

- a new Law no. 8464 *On Standardisation*, approved by Parliament on 11 March 1999
- a Law no. 8466 *On Anti-Dumping*, approved by Parliament on 24 March 1999.

### 2.2 Responsibility for Consumer Policy and Affairs

The Council of Ministers has determined that, under the *Consumer Protection Law*, the authority responsible for enforcing and implementing its provisions will be the Ministry of Economic Co-operation and Trade, which now has overall responsibility for consumer policy and affairs in Albania.

Other ministries and departments have particular functions in the area of consumer protection. In particular, the responsibility for controlling the quality and safety of food and food products lies with the Ministry of Agriculture and Food; and for introducing and monitoring standards with the Directorate of Standardisation and Quality.

There is at present no machinery either to co-ordinate the activities of the various bodies involved in different aspects of consumer protection or to represent consumers' interests in government. The proposal for a National Council of Consumers, included in an earlier draft of the *Consumer Protection Act*, was dropped from the final version of the law.

The Director of the Department of Competition and Trade Policies is Bashkim Sykja.

#### Address:

Ministry of Economic Co-operation and Trade,  
Department of Competition and Trade  
Policies, Sul. Zhan D'Ark, Tirana, Albania

**Tel:** + 355 42 646 73

**Fax:** + 355 42 646 58

**E-mail:** mikel@mitt.tirana.al

### 2.3 Staff and Budget

No information has been provided about the staff or budgets in the Department of Competition and Trade Policies in the Ministry of Economic Co-operation and Trade.

### 2.4 Functions

The principal functions of the Ministry of Economic Co-operation and Trade in respect of consumer protection are:

- to study and present proposals for:
  - every issue concerned with the protection of consumers
  - a legislative programme to deal with all such issues (and the implementation of the resulting laws)
  - a programme of consumer education
- to study the conditions of the market and present proposals for its optimum functioning
- to collaborate and exchange views and information with equivalent foreign institutions
- to maintain contact with consumers by all available means.

[It should be noted that other consumer protection functions are held by other Ministries, notably the Ministry of Agriculture and Food (quality and safety of foodstuffs), the Ministry of Construction (safety of public buildings) and the Ministry of Finance (Customs and Excise).]

## 2.5 Enforcement

The authority responsible for enforcing the *Consumer Protection Law* is the Ministry of Economic Co-operation and Trade. In practice, much of the work of enforcement is still carried out by the Directorate of Standardisation and Quality, and by specialised Standardisation and Quality Bodies within the inspection services of various ministries. The State Sanitary Inspectorate is responsible for enforcement of the health and safety aspects of a number of product areas.

## 2.6 Principal Programmes and Priorities

The main immediate priorities of the Ministry of Economic Co-operation and Trade in consumer protection are:

- to analyse the situation in the market from the consumer point of view
- to draw up a consumer education programme

- to formulate proposals for the most effective implementation of the law.

## 3 Independent Sector

### 3.1 Albanian Consumers' Association

Shoqata Konsumatori Shqiptar (Albanian Consumers' Association – ACA) was established in September 1991 by Dr Islam Cani, an environmental health specialist, and Shefqet Daka, a chemist. It declared its aim as “to defend the buyer from individuals or particular groups that sell, produce, process and serve to the detriment of the consumer's interest, making unfair dishonest and unworthy profits. ACA defends consumers' interests in problems of hygiene and ecology”. Since its foundation, it has continued to work on the major issues affecting the quality of people's lives in Albania: the absence of legal rights: corruption in public administration: exploitation in the market-place: the deterioration of essential public services, such as water, electricity and transport: environmental problems created by pollution, waste and sewage: the cost and quality of health care, particularly for children: the hazards of unsafe drugs: and so on.

By the middle of 1993, ACA had built up a registered paying membership of 12,000 across 36 districts of Albania. This has now grown to 60,000 (by far the largest membership of any consumer organisation in Central and Eastern Europe), though not all members now pay. Membership is free to pensioners, disadvantaged consumers and those on social assistance (25,000): a further 30,000 pay only a nominal amount. Membership fees still represent only a small proportion of ACA's income.

The Association claims to have earned the trust of the Albanian people by presenting a clear picture of its mission, strategy, programme and principles – and sticking to them. It prizes its independence. It remains strictly apart from party politics. It favours no religious group. It allows no business influence. The focus of its (constructive) relationship with government is on extending the rights, and representing the interests, of consumers – through negotiation, lobbying and legal and policy development.

Advice, information and education have always been the keystone of ACA's work. In the early years, two volunteers (untrained) dealt with up to 2,000 complaints a year in the Tirana office with no tools other than a telephone and a typewriter. Gradually, new offices were opened and equipment obtained with the help of small grants. But the major breakthrough was the launch in 1996 of a project, funded by the Phare Democracy Programme, the UK Know-How Fund and the Westminster Foundation for Democracy (in partnership with Consumers International), to develop the advice and representation services of the Association.

This project had four aims:

- to open a consumer advice centre (modelled on the lines of the UK Citizen's Advice Bureaux) in Tirana:
- to develop a team of consumer specialists and trainers who would be able to train new advice centre staff in other areas of Albania, and provide support to local groups:
- to produce a database of consumer information on legal matters, to publish regular information bulletins and to collect information on the most pressing consumer problems:
- to develop the Association's information and education work with local groups and the general public.

In the course of this programme, ACA and its project partners had to live through the period of civil unrest provoked by the collapse of pyramid selling schemes in which thousands of Albanians had invested their life savings (despite the Association's warnings not to). In the emergency, during which all public services virtually ceased to function, ACA produced vast quantities of leaflets warning people against all manner of abnormal hazards - poisonous chemicals, radioactive materials taken from military stores, a variety of explosives, fake alcoholic drinks, out of date foodstuffs, etc.

Despite this interruption, the programme went a long way towards fulfilling its

objectives (other than the creation of an information database). 260 people, all volunteers - members of staff, co-ordinators, heads of branches and of local groups - were given at least basic training. There are now six regional offices in Albania, linked to 62 branches and 682 local groups. Staff recruited from among the volunteers have continued to work unpaid when the project money ran out.

In January 1999, a new two-year programme was launched with funding from the UK Department for International Development (DfID) and an American Foundation ORT to build on these foundations. This programme covers the cost of salaries, equipment and running costs, as well as of specialists from UK Citizens' Advice Bureaux (CABx) who are providing intensive training courses. In addition, a volunteer from Voluntary Service Overseas (a British charity) is on a year's residential assignment in Albania to help ACA adapt the UK CAB model to Albanian conditions and needs.

ACA's longer-term strategy includes a plan to set up six further regional offices as well as to strengthen the existing ones. This would reduce the territory that each office has to cover, and increase the efficiency of the whole operation.

The regional offices each have furnished rooms, computers, telephone and fax: the volunteers who work in the branches or local groups provide advice services from their homes. All advice is free.

The central office in Tirana manages and supports the regional offices; handles membership fees and other financial matters; is responsible for the 'public face' of ACA (work with the media, campaigning, lobbying, representation and consultation with government); develops training programmes; and publishes a wide range of information material.

During the Kosovo crisis, ACA developed a programme to help the Kosovar refugees in Albania. It engaged some five thousand volunteer activists to help with advice and information, working in the camps and distributing leaflets. Information was specially

tailored to the problems of the displaced communities – practical means of exchanging money; using telephone and postal services; ways of locating relatives in other camps; and so on. Advice was similarly geared to the needs of the refugees, mainly in the area of food and health. This work was also funded through the DfID programme, which had to be interrupted because of the conflict in Kosovo.

After the war was over, ACA continued its support for the Kosovar people in Albania and plans to encourage the development of a consumer movement in Kosovo.

ACA has been an affiliate member of Consumers International since 1993.

The President of the Association is Dr. Islam Cani.

**Address:** Shoqata e Konsumtorit Shqiptar (Albanian Consumers' Association), Rruga 'Deshmoret e 4 Shkurtit', Tirana, Albania

**Tel:** + 355 42 342 16

**Tel/Fax:** + 355 42 432 20

**E-mail:** aca@icc.al.eu.org

### 3.2 Membership

The Association has more than 60,000 individual members. In early years, all members paid a small subscription, but the principle has been modified to allow free membership to pensioners, disadvantaged members of the community and those on social assistance. Approximately 35,000 members continue to pay a small fee – between 5 lek (0.04 Euros) and 25 lek (0.18 Euros) a year. All members belong both to a regional branch and to the main Association, which keeps central membership records.

### 3.3 Staff

The staff structure consists of head office staff, six co-ordinators, trained advisers and heads of branches and large regional groups. From time to time, as during the present DfID programme, funds are available to pay

some of them from project budgets: otherwise, they all work as volunteers.

More than 11,000 volunteers are actively engaged on ACA's work throughout the country. Approximately 2,250 of these work for four hours or more every day, providing advice to people in their home, work centres, schools, etc., and distributing written and oral information. Of the remainder, more than 6,000 are involved only in particular campaigns, such as helping the Kosovar refugees.

### 3.4 Finances

There is no precise information on ACA's finances. Since 1995, the bulk of its income has come from international aid projects which have enabled it to develop its network of Citizens Advice Offices. The only other source of income is a modest contribution from membership subscriptions (equivalent to about 2,500 Euros in 1999, expected to rise to nearly 5,000 Euros in 2000).

The Association has received no financial support from the Albanian government either centrally or locally since its foundation in 1991.

### 3.5 Principal Current Activities and Priorities

The Association's work is concentrated in the areas of advice, education, information and campaigning. Its publications include a newspaper *Consumer*, information bulletins and leaflets, and *Consumption Challenge*, a book for all consumers. It has both stimulated and participated in TV programmes on subjects such as nutrition and food, environmental pollution and hazards arising from alcoholic drinks: and it has played its part in the development of consumer legislation.

Its major achievement since 1995 has been the establishment of the six regional offices and the Citizens Advice Offices. This has been accompanied by an expansion of its membership and activities throughout the country. – 682 groups in 37 areas, 260 activists and staff who have had access to

at least basic training, and more than 60,000 members.

In the first three quarters of 1999, ACA's regional offices handled over 14,000 complaints and in addition gave advice to more than 16,000 people. Advice is normally given face-to-face or over the telephone; but recently, some clients unable to travel and with no access to telephones have asked for home visits. ACA has been able to meet these requests despite the difficulties that they present.

The Association's strategic aims for the next period are:

- to strengthen ACA and to increase its influence, particularly in the development of consumer policy in Albania
  - to expand the work of the Citizens Advice Offices, with each region managing its own programme under the overall management of ACA. This will involve in particular having one paid co-ordinator, plus volunteers, in each region skilled in interviewing, maintaining case histories, use of statistics, social surveys, etc.
  - The aim is to have full written information for the Citizens Advice network; a standard methodology for recording complaints and advice sessions; a 'social policy' system enabling information from clients to be deployed in negotiations with central and local government, and with local businesses and traders; and a standard management system for all the regional offices
  - to bring pressure on the government to improve the legal framework of consumer protection through amendments to the *Consumer Protection Act*, regulations for implementing existing legislation (notably the *Consumer Protection Act*, food law, veterinary law, employment law and the Customs Code); and strengthening of legal standards for construction work
  - to ensure that the consumer interest is represented at all levels of government through co-operation, negotiation and lobbying
- to continue to support both the Kosovars who remain in Albania and the consumer movement in Kosovo.

ACA's work will concentrate on:

- educating consumers
- protecting them from the effects of dangerous foods and drugs, and from market malpractices
- seeking to guarantee the safety of goods
- improving public services (water, electricity, etc.)
- training and surveys of public opinion
- improving and protecting the environment.

# Bosnia & Herzegovina (BiH)

## 1 Summary

**Following the war in Bosnia and Herzegovina, consumers have faced particularly serious problems. Services catering for basic needs are deeply inadequate, often barely functioning – water, electricity, gas, housing, healthcare, education, refuse collection, postal services. As a result there are serious health and environmental problems. Although food and consumer goods are now available in the shops again, prices are very high in relation to incomes, particularly for pensioners and the unemployed (a high proportion of the population). The absence of standards and the lack of effective regulation make it difficult to monitor the quality of products and services: and these problems are further exacerbated by the extent of black market activities in the economy.**

In these circumstances, consumers in BiH, particularly the poorest, need to see an effective consumer protection system established and a strong, organised consumer movement to voice their concerns publicly; to represent their case to the government; to press for more efficient delivery of services and effective consumer legislation and regulation; and to provide accurate information to consumers so that they can make effective choices, assert their rights and exercise their responsibilities. Those most active in the independent consumer movement in Bosnia have their sights set on creating a Forum of Consumers of BiH, embracing all the consumer groups in both the Federation of BiH and Republika Srpska.

BiH has a State Government covering the whole country, but with limited functions –

mainly in the area of foreign trade relations and external representation. Under the Dayton Agreement, the country is organised into two 'Entities', the BiH-Croatian Federation and the Serbian Republic of Srpska, which have a wide range of administrative and legislative powers and responsibilities (as well as common interests). At the local level, the cantons also play an important role.

In order to determine which level of government has competence in a particular area, it is necessary to refer to the Dayton Agreement, which, as part of the peace settlement, introduced a procedure for developing new legislation to replace the former legal system.

In some areas, the inherited laws have continued to function reasonably well in the post-war society. These include the State *Law on Citizens' Association*, which was passed shortly before the Dayton Agreement was signed, and governs the way in which citizens (including consumers) can form associations. These State Laws are mirrored, with minor variations, by laws in the two Entities. According to information in September 1999 from the Office of the High Representative (the civilian administrator of the United Nations), a new law on associations is in preparation, and will operate at State level.

In other sectors, including consumer protection, the absence of precedents has made it difficult for any decision to be reached. So at present, it is unclear whether consumer policy, legislation and enforcement will be the responsibility of the State Government or of the separate Entities. This is causing serious

delays in introducing any consumer protection measures. However, since the new law on associations is expected to be a State law, logic would suggest that a general law on consumer protection should also cover the whole State.

The Association of Consumers of BiH (Sarajevo) has produced a first draft of a general consumer law, but it has yet to be taken up by either the entities or the State Government. A second draft is now being prepared with the help of the Belgian Centre de Droit de la Consommation, under the Phare CICPP II Programme. This will be presented in due course to the Office of the High Representative (the civilian administrator of the United Nations), whose support is vital in speeding up the process of introducing new legislation. Consumer organisations will be able, under the legislative procedure, to play an advisory and lobbying role in the development of the new law.

BiH has been granted Associate Status by the EU, and is thus committed to adopting the requirements of the 1995 EU White Paper on preparing for integration into the internal market, including harmonising its consumer protection level in line with EU Directives. The State Institute for Standardisation, Metrology and Patents, officially a State level body though not recognised as such by the Serbian Entity, is actively involved in this process. It has translated the White Paper into Bosnian, and has a clear understanding of its terms and implications. The Institute is also making rapid progress in bringing the former Yugoslav system of mandatory standards into line with the EU standardisation process, though its field of activity is still limited in both law and practice.

There is, as yet, no unified non-government consumer organisation in either the Federation of BiH or in Republika Srpska, though there are several independent consumer groups active in both entities. A number of consumer leaders are seeking to create both a Union of Consumers of the Federation of BiH and a state-level Forum

which would bring together representatives from organisations in both entities. The situation is described in more detail in Section 3 – **Independent Sector**.

## 2 Public Sector

### 2.1 Legal Framework

Consumer protection law in BiH is currently based on fifteen articles to be found in the former Yugoslav Trade Law. Before any new legislation or general framework of consumer protection can be introduced, it will be necessary to reach a decision on whether the responsibility lies with the State Government or with the Entities.

During the autumn of 1999 the Centre de Droit de la Consommation in Louvain-la-Neuve, Belgium prepared a new draft of a Consumer Protection Bill, based on the earlier version by the Association of Consumers of BiH, as part of the Phare CICPP II Programme.

### 2.2 Responsibility for Consumer Policy and Affairs

Ministries and other bodies which hold (or might in future hold) responsibility for various aspects of consumer policy include:

at State level:

- Ministry of Foreign Trade and Economic Relations
- Ministry of Reconstruction and Development
- Ministry of Education
- Council of Ministers
- Ombudsman, Human Rights Commission for BiH (enforcement role)
- Institute for Standardisation, Metrology & Patents
- Office of the High Representative;

at Entity level:

- Ministry of Trade
- Ministry of Agriculture, Water Resources and Forestry
- Ministry of Health
- Ministry of Energy and Industry.

## 2.3 Staff, Budget and Functions

Since no ministry or agency has yet been given responsibility for consumer policy and legislation, there is no staff, budget or definition of functions at either entity or State level.

## 2.4 Enforcement

At the level of the State Government, one or more of the following authorities may handle enforcement:

- Ministry of Foreign Trade and Economic Relations
- Institute for Standardisation, Metrology and Patents
- Ministry of Justice
- Constitutional Court
- Ombudsman;

and at Entity level:

- Ministry of Trade
- Ministry of Agriculture, Water Resources and Forestry
- Ministry of Health
- Ministry of Energy and Industry.

## 2.5 Principal Programmes and Priorities

No programmes or priorities have yet been laid down.

# 3 Independent Sector

## 3.1 National, Local and Regional Consumer Groups

The Law on Citizens' Associations, which laid down the rights and obligations of citizen and consumer organisations in the former Yugoslavia, was replaced during the war in 1994 by a similar law applying to the Republic of Bosnia and Herzegovina. This law was in turn replaced after the war by separate laws applying to each of the two Entities. Registration is entrusted to the Canton and Federal Ministries of Justice.

The new law currently in preparation by the Office of the High Representative will apply to the whole of Bosnia and Herzegovina.

The basic rules for registration are that at least 30 citizens or consumers must agree at a General Assembly that they want to be registered legally as an organisation with declared mission, objectives and work programme. Procedures for electing the voluntary Managing Board and other governing bodies are also laid down.

In the absence of a State Law on Citizens Associations, no overall Union of Consumer Organisations in the State of Bosnia and Herzegovina can formally be created. At the moment there are several small independent consumer organisations at work in the two entities:

- the Association of Consumers of BiH, registered in Sarajevo in March 1996, is effectively the oldest. It grew out of the Association of Consumers of Sarajevo (registered in 1989), and now aims to organise on a nation-wide basis;
- local groups have been established in Zenica, Tuzla, Mostar and in Republika Srpska (Banja Luka), with which the Sarajevo Association would like to join forces;
- separate Associations of Consumers in Doboj-Zenica Canton and in the Herzegovina-Neretva Canton were also registered in 1999;
- the Consumer Movement of Republika Srpska, established in 1997, is run by enthusiastic activists with no links to the Federal Republic of Yugoslavia.

(The President is Dragutin Boskovic.

### Address:

Consumer Movement of RS,  
Vidovdanska 43,  
78000 Banja Luka  
Republika Srpska

**Tel:** + 381 78 218 281

+ 381 78 44 234

+ 381 78 310 029

**Fax:** + 381 78 218 282

**E-mail:** krstic@inecco.net)

A number of active volunteers are seeking to form a Union of Consumer Organisations of the Federation of BiH. This would greatly strengthen the consumer movement in the Federation, and could later lead to the development of a national organisation, but the various organisations currently at work in the territory first need to resolve their differences.

The leaders of the Consumer Movement of Republika Srpska are also interested in joining with a future Federal Union to create a state-level Forum of Consumers of BiH.

### 3.2 Association of Consumers of BiH

The Association of Consumers of BiH (SP-BiH) was originally set up as a Sarajevo-based organisation in 1989. At the time it was state-funded and had relatively good facilities. It operated on the principles of a consumer co-operative, with its 12,000 members paying a fee to gain access to discounts on consumer goods. However, the organisation was effectively destroyed with the advent of the war in BiH in 1992, as many members and activists left Sarajevo or went into the army, and funding ceased.

In February 1996, the current Association was re-established as a non-governmental and non-profit organisation. Registered with the High Court the following month (under a law no longer in force), it launched itself with a press conference in April 1996. Its primary objective is to develop into a modern consumer organisation, comparable with those in Western Europe, and to represent the interests of, and provide services to, all the consumers of BiH.

The Association's work is focused in Sarajevo, but it plans to develop regional and local branches and offices throughout the territory of BiH, building, where possible, on groups of local activists – such as the groups which have been formed in Tuzla, Zenica and Mostar, and in Republika Srpska (Banja Luka).

The main activity of the Association during the war was the production of Sarajevski Potrosac (SARP – Sarajevo Consumer), a small, but professionally produced

newspaper. Twelve issues have appeared since the beginning of the war, funded by the BiH Open Society (SOROS) Fund, USAID and the European Commission – and, until recently, with the help of revenue from advertisements. It was distributed as a free insert in the prize-winning independent daily newspaper, *Oslobodjenje (Liberation)*.

Issues dealt with by the paper during the war, among general topics, included problems with the co-ordination and distribution of humanitarian aid, water problems and the quality of bread. The paper was produced by a small group of volunteers, including experienced journalists.

Before the war, it was distributed free to 12,000 subscribers, but this subscription base collapsed in the war. In 1992, the paper won a design prize from the union of journalists in BiH. However, SARP has not been published since the January 1999 issue, when the funding ran out. New sponsors are currently being approached.

In early 1996, SP BiH made contact with Consumers International, and in May of that year two representatives visited the Slovenian Consumers Association in Ljubljana. In November 1996 and March 1997, a representative of Consumers International visited Sarajevo to discuss the Association's needs and priorities, and to develop plans for project development, fund-raising and training.

Following up on those initiatives, it is working to develop its organisational capacity through a programme which includes:

- a training programme in general organisational skills (financial management, fundraising, strategic planning, campaigning and lobbying) and skills specific to consumer organisations (advice and information work, consumer law, testing)
- study visits to other consumer organisations in both Western and Eastern Europe
- membership development and expansion of the Association outside Sarajevo

- establishment of a telephone advice service.

This project, which lasts from March 1999 to March 2000, is supported through the Phare Democracy Programme and co-financed by the UK Charity Know-How Fund and the US Consumers' Union's Colston Warne Fund.

The President of the Executive Committee is Professor Nunic.

The Secretary is Mesud Lakota.

**Address:**

Association of Consumers of Bosnia and Herzegovina, Obala Kulina Bana 4, BH-71000 Sarajevo, Bosnia and Herzegovina

**Tel/Fax:** + 387 71 666 131

### 3.3 Membership

Before the war, the Sarajevo organisation had a large membership, due largely to the financial benefits which it could offer to its members. Membership collapsed during the war and has not recovered subsequently, the new Association consisting of a small number of activists, mainly its founder-members. It would expect its position as a membership organisation to be clarified when the new law on the rights and requirements of membership organisations is adopted, and also in the forthcoming consumer protection legislation.

### 3.4 Staff

In August 1999 the Association had a staff of three in the Sarajevo office. In addition, approximately 20 active volunteers are involved in its work nationally and regionally.

### 3.5 Finances

The Association has received funding from the Sarajevo office of the Phare Programme, from the Phare Democracy Programme, from the Open Society Fund (SOROS) of BiH, from USAID, and from a few other sources. The main source of funding currently is the Phare Democracy Programme project referred to under 3.2 above.

### 3.6 Principal Current Activities and Priorities

The Association's main priorities and activities for the next year are:

- to establish a telephone advice service in BiH
- to press for the adoption of consumer protection legislation
- to implement the Phare Democracy Programme project successfully.

If further funding became available, it would be used to set up local advice centres, to help to establish them in their local communities, to develop public information campaigns and to initiate consumer education in schools.



# Bulgaria

## 1 Summary

**Bulgaria was in no hurry to introduce a legal framework to protect its consumers. Despite being committed by an Association Agreement to harmonise its laws with those of the European Union (EU), the government was still debating the shape and content of a general consumer protection law up till 1999.**

The adoption of the *Law on Consumer Protection and on Rules of Trade*, which came into force on 3 July 1999, was therefore a major step forward. This wide-reaching law covers the general relationship between consumers and the business sector, and sets out the rights and obligations of the various parties. It follows the EU Directives on product safety, product liability and unfair contract terms; and it sets out the institutional framework for the implementation and enforcement of consumer law.

Other new and amended laws with a direct or indirect bearing on consumer protection were put in place between 1997 and 1999, and further laws and regulations will doubtless follow as part of the programme to bring the legal framework into line with the requirements of the EU *Acquis*.

The role of enforcement is given to the Commission on Trade and Consumer Protection, originally in the Ministry of Trade and Tourism, but following a recent merger of ministries, now within the Ministry of Economy. This body also has the task of co-ordinating the enforcement functions of various other authorities, such as the State Hygienic and Epidemiological Service, the

Committee for Standardisation and Metrology and a number of services under the jurisdiction of the Ministry of Agriculture, Forestry and Agrarian Reform. However, the newly-approved *Law on Foods* and the 1999 *Law on Technical Requirements* (including market surveillance) make no mention of the role of the Commission, whose enforcement powers, it seems, may be stronger in theory than in practice.

The Federation of Consumers in Bulgaria (FCB), founded in 1990, is the principal independent organisation dedicated to defending and promoting the rights and interests of consumers. The Federation is composed of 23 Regional Unions, themselves federations of 96 clubs; two important user groups, the Union of Consumers of Water and the Society of Consumers of Energy; and, since November 1999, the Movement of Women Against Violence (a member of the International Baby Food Action Network [IBFAN]). In February 1996, the Federation decided to open its doors to individual members; since that time, membership has grown to 37,000.

The Federation's main activities are concentrated in the areas of developing, and campaigning for, consumer legislation; building a network of Citizens' Advice Bureaux throughout Bulgaria; handling consumer complaints, its most demanding work; promoting certification and quality-marking of products in order to ensure safety and quality (FCB has its own trade mark); and general consumer information and education, mainly through the media.

FCB's income comes almost entirely from internationally funded projects and from

media contracts. Its most important current project is a two-year programme, which started in December 1998, to develop pilot Citizens' Advice Bureaux in five regions of Bulgaria, with financial support from the UK Department for International Development (Know-How Fund) and practical help and training from specialists in the UK Citizens Advice Bureau movement.

In 1998, two new voluntary consumer organisations were founded: the Bulgarian National Consumers Association, with aims and priorities very similar to those of the Federation; and a regional organisation in the city of Plovdiv, the Consumer Centre for Information and Research, dedicated to promoting the development of the civil society in Bulgaria through research and publications.

## 2 Public Sector

### 2.1 Legal Framework

An Association Agreement was signed between Bulgaria and the EU in February 1993, which came into force in March 1995. Up to that point, very little consumer legislation had been enacted, although a draft general *Law on Protection of Consumers' Rights* had been under discussion since 1994.

This law went through various drafting stages before finally coming into force as the *Law on Consumer Protection and on Rules of Trade* on 3 July 1999.

It is the primary instrument of consumer protection in Bulgaria, regulating relations between consumers and the business community, and setting out the rights and obligations of each party. The Law contains the main principles and requirements in the fields of product safety, product liability and marketing practices, in line with the relevant European Directives.

The Law is backed by a number of regulations in particular areas, such as price indication on goods and services (replacing the *Law on Prices*), and the labelling of both foodstuffs and non-food products.

Under this Law, the Commission on Trade and Consumer Protection within the Ministry of Economy is given the responsibility for implementing and enforcing its provisions and for the work of the National Council for Consumer Protection. (The Law provides for the establishment of two advisory councils to the Minister, a National Council for Consumer Protection and a Consultative Council; and for Conciliation Committees to resolve consumer disputes.)

Other legislation which relates directly or indirectly to consumer protection includes:

- the *Law on Foods*, published in the State Gazette No. 9/1999, in force from 15 October 1999. Enforcement of this law is divided between the State Hygienic and Epidemiological Service (within the Ministry of Public Health), the State Veterinary and Sanitary Control and the State Inspection of Phytocontrol Agency (both within the Ministry of Agriculture, Forestry and Agrarian Reform)
- the *Law on Technical Requirements for Products*, issued by the national Assembly in September 1999, in force from 1 October 1999
- the *Law on National Standardisation* (1999), which introduces the concept of voluntary standards and replaces the 1964 Law on Standardisation)
- the *Law for the Protection of Competition*, issued by the National Assembly in May 1997, in force from May 1998
- the *Law on Bank Deposit Guarantees*, issued by the National Assembly on 15 April 1998
- the *Law on Tourism*, regulating package travel, issued by the National Assembly in 1998
- the *Law on Banks*, issued by the National Assembly on 25 June 1997
- the *Law on the Protection of Public Health*, introduced in 1973 and last updated in April 1999

- the *Law on Obligations and Contracts*, dating from 1950 with subsequent amendments, regulating the legal rights and obligations of parties entering into contracts, including consumers.

## 2.2 Responsibility for Consumer Policy and Affairs

The Ministry of Economy has now taken overall responsibility for policy and for drafting and co-ordinating consumer legislation (it formerly lay with the Ministry of Trade and Tourism which was merged with the Ministry of Economy early in 2000).

Within the Ministry, the Commission of Trade and Consumer Protection (CTCP) is responsible for implementing the Law on Consumer Protection and on Rules of Trade. It also has the function of co-ordinating the activities of various control bodies. However, the recently enacted *Laws on Food and Technical Requirements* (which includes market surveillance) make no mention of the Commission. This seems in conflict with the description of the Commission's powers and functions in 2.5 below. The CTCP has administrative offices in nine regions of the country, and within that structure, local branches.

Other administrative bodies are responsible for enforcing specific areas of consumer protection legislation:

- the Ministry of Public Health deals with food legislation and food safety. The State Hygienic and Epidemiological Service within the Ministry of Public Health has 28 Hygiene Service branches throughout the country. At the national level, the National Centres for Hygiene, Radiation Protection and Health Protection carry out biological and epidemiological controls.
- the Committee on Standardisation and Metrology (CSM) is responsible for the safety of non-food products.
- the Ministry of Agriculture, Forestry and

Agrarian Reform, together with its six subsidiary services, is responsible for veterinary and phytosanitary controls.

The Head of the Directorate – 'Trade Policy' in the Ministry of Economy is Detelena Krasteva.

**Address:** Ministry of Economy  
8 Slavianska Street,  
1000 Sofia, Bulgaria

The Head of the Consumer Protection Department is Emil Alexiev.

**Tel:** + 359 2 988 13 85  
**Fax:** + 359 2 981 63 46  
**E-mail:** ealexiev@tradel.net

The Chairman of the Commission on Trade and Consumer Protection is Damjan Lazarov.

**Address:** Commission on Trade and Consumer Protection,  
4A Slaveikov Square,  
1000 Sofia, Bulgaria

**Tel/Fax:** + 359 2 987 74 45

## 2.3 Staff and Budget

No information is available on the staff and budget of the relevant departments in the Ministry of Economy.

The Commission on Trade and Consumer Protection, together with its regional and local offices, has a staff of 188. The Commission is funded from the State budget, but no figures are available. However, according to statute, it is entitled to keep 60% of the fines that it imposes on traders.

## 2.4 Functions

The principal functions of the Ministry of Economy in the area of consumer protection are:

- to develop consumer policy
- to propose, draft, and co-ordinate the development of, consumer legislation

- to draw up proposals for the creation of the two consultative Councils envisaged in the *Law on Consumer Protection and Rules of Trade*
- to establish Conciliation Commissions for resolving consumer disputes.

## 2.5 Enforcement

The principal enforcement agency in consumer protection is the Commission on Trade and Consumer Protection within the Ministry of Economy. It exercises control over the market and observances of trading rules both on its own, and in co-operation with other control bodies. It also plays a part in co-ordinating control activities in all sectors of the market – though there are indications that the range of its powers may be wider on paper than in reality.

It has the following functions:

- to supervise observance of the *Law on Consumer Protection and Trade Rules*
- to issue orders to eliminate violations of the law
- to analyse consumer contracts, and taking legal action to nullify unfair terms in such contracts
- to take legal action to prohibit misleading advertising
- to enforce the *Law on Tourism* dealing with package travel
- to enforce the regulations on price indication.

The Commission has specific powers relating to safety. It can issue orders to prohibit the marketing, or suspend the sale, of products which are considered on good evidence to be dangerous: and it can demand the withdrawal or destruction of dangerous goods.

The Commission has structures in all 28 departments in the country. In addition, the *Law on Consumer Protection and Trade Rules* provides for the creation of consumer

protection departments within local authorities.

Territorial structures of the CTCP have additional functions. They are obliged to:

- advise consumers on issues affecting their interests, including safety
- provide the Commission on Trade and Consumer Protection with information on products representing a health and safety risk to consumers
- notify the relevant authorities where they have observed violations of other laws and regulations affecting consumer rights and interests.

These obligations, together with the powers related to the safety of products, are also vested in local authorities.

The Commission on Trade and Consumer Protection co-ordinates the activities of other control bodies such as the National Veterinary Service, the National Animal Selection and Reproduction Service, the National Plant Protection, Quarantine and Agro-Chemistry Service, the National Grain and Grain Feed Control Inspectorate and the State Hygienic and Epidemiological Service.

The Ministry of Public Health is responsible for the implementation of food legislation. Inspectors of the State Hygienic and Epidemiological Service within the Ministry of Public Health (with branches in each of the 28 departments) are empowered to take samples and make tests for compliance with safety requirements. The National Centres for Hygiene, Radiation Protection and Health Protection exercise biological and epidemiological control at the national level.

In addition, a number of bodies under the direction of the Ministry of Agriculture, Forestry and Agrarian Reform have responsibility for some sectors of food control – the National Veterinary Service; the National Plant Protection, Quarantine and Agro-Chemistry Service; the State Fisheries Inspectorate; and the National Grain and Grain Food Control Inspectorate.

The Committee on Standardisation and Metrology is responsible for the safety of non-food products.

Finally, the Commission for the Protection of Competition has the power to impose sanctions on companies guilty of unfair competition. (Under Bulgarian law, some types of comparative advertising are considered to be unfair competition.)

### 3 Independent Sector

#### 3.1 Federation of Consumers in Bulgaria

The Federation of Consumers in Bulgaria (FCB) is currently, and has been since its foundation in 1990, the leading organisation in Bulgaria concerned wholly with the interest of consumers. It is an independent, not-for-profit federation of consumer unions and clubs, whose membership was originally corporate, consisting of 23 Regional Unions (which between them embrace 96 Consumer Clubs) and two user groups – the Union of Consumers of Water and the Society of Consumers of Energy. In November 1999, the Movement of Women Against Violence – a member of the International Baby Food Action Network (IBFAN) – was accepted as a third corporate member. Membership was opened up to individuals in 1996, and the Federation now has more than 37,000 members.

The Unions are administered by the elected Chairmen of their Boards, and the Clubs are managed by Secretaries, who are members of those Boards. All the Union Chairmen are members of the Federal Council which is elected every three years by the General Assembly (the last elections were held in November 1999). The forty members of the Federal Council elect an Executive Board of ten, a President (Prof. Iovtcho Topalov, an eminent cardiac surgeon) and an Executive Secretary (Pavel Karlev), who is in day-to-day charge of the organisation.

FCB has been an Affiliate Member of Consumers International since 1991. It was one of the founders of the Bulgarian Council for the Approval of Medicines in the autumn

of 1995, and is a full member of the National Council for Social Protection, also set up in 1995.

The President of the Federation is Prof. Iovtcho Topalov.

The Executive Secretary is Pavel Kurlev.

**Address:** Federation of Consumers in Bulgaria, 21, Serdika Street, Sofia 1202, Bulgaria

**Tel/Fax:** + 359 2 835 300

**Tel:** + 359 2 833 511  
+ 359 2 835 689

**E-mail:** fcb@mobikom.com

#### 3.2 Membership

FCB currently has a corporate membership consisting of 23 Regional Unions, within which there are 96 Consumer Clubs, the Union of Consumers of Water and the Society of Consumers of Energy, and the Movement of Women Against Violence.

In February 1996, however, the Federal Council decided to open membership to individuals, for two reasons. First, the draft Law on Protection of Consumers' Rights at that time included a condition that consumer organisations required a membership of 50,000 in order to gain recognition. (This figure was subsequently reduced in the 1999 Law on Consumer Protection and on Rules of Trade to 300.) Secondly, it was felt that income from membership fees would ease the Federation's financial difficulties. The Federation currently has more than 37,000 individual members, registered throughout the network of Clubs and Unions, all with the right to vote, nominate and be elected to office.

#### 3.3 Staff

The administrative staff, appointed by the Executive Board, include the Executive Secretary (the general manager in charge of all FCB's activities), one Chief Expert, one Expert (who is also the Federation's Finance Officer) and one technical operator.

In addition there are three full-time (Union Chairmen) and 128 part-time (Chairmen, Secretaries, etc.) paid members of staff. More than 450 volunteers are also actively involved in the Federation's work.

### 3.4 Finances

Up till January 1994, the Federation was supported by a government grant which covered the full costs of maintaining staff and an office in the centre of Sofia. Around that time, consumer protests over rises in domestic heating charges, which the Federation brought to the attention of the media, were not well received by the government and the Federation's subsidy was immediately cut from the state budget.

In recent years, the organisation has been struggling to continue its work, while seeking on the one hand to identify a means of surviving without financial support from government, and on the other to persuade the authorities to provide at least enough funds to cover rents and salaries at the central office in Sofia.

In 1998, the Federation's total income was about 34,000,000 Leva (approximately 24,600 Euros), and in 1999 47,000 re-valued Leva (26,000 Euros). This money came from internationally funded projects and from media contracts.

### 3.5 Principal Current Activities and Priorities

At the beginning of 1995, the Federation had a paid staff of only two in Sofia. However, in March 1995, Decree no. 57 (confirmed in September 1995 in the *Law on Pricing*) empowered it to act, in partnership with the National Commission on Prices, as an agency to participate in controlling the prices of 32 basic food products.

To carry out this task, some of the regional clubs and unions appointed inspectors on a full time basis. In addition an army of voluntary inspectors assisted the professionals of the National Commission. More than 437 staff and volunteers were involved in inspection work in the course of 1995.

Agreements were made with the municipal authorities in Sofia, Varna, Haskovo, Kardjali, Stara Zagora and other cities to monitor prices locally. Reports on the 32 state-controlled products were published once a week in the daily papers, and broadcast on state and independent television and on two national radio stations. The Federation believes that its participation helped to ensure the integrity of the state inspectors.

However, in 1998, the government abandoned price regulation of goods, so the Federation's regular monitoring work came to an end from that time onwards although it continues to expose examples of unfair or monopolistic price increases.

FCB's principal current activity is the development of its advice centre network, with the support of the UK Department for International Development (DfID) (formerly the Know-How Fund). This two-year project began in December 1998. Its focus is to enable the Federation to open five pilot Citizens' Advice Bureaux (on a somewhat wider model of advice than Consumer Advice Centres) in regional cities, together with a small central office to provide co-ordination, information, training and general support to the bureaux. The longer-term aim, finances permitting, is to create a network of bureaux, backed by an information system, in every major population centre in Bulgaria.

Consumer advice and information, in person, on the telephone, on radio 'phone-in shows and in newspaper columns has for many years been one of the Federations major priorities.

FCB follows up particular cases brought by individual consumers or public bodies with investigations and, if necessary, laboratory tests. It also represents consumers with complaints by means of mediation or arbitration between buyer and retailer. Complaints handling is the most demanding of the Federation's activities in time and effort. Complaints are filtered through one of the 23 Regional Unions or the two user organisations – some 20,000 problems annually, many of them referred to FCB after other institutions have failed to obtain satisfaction for the complainants. It claims a success rate of more

than 80 per cent in obtaining redress for the consumer – replacement or money back for faulty goods, poor servicing under guarantee, etc. There is excellent co-operation locally with the hygiene, sanitation and veterinary control authorities, especially in relation to fake or low quality products, in particular foodstuffs, soft and alcoholic drinks, detergents, etc., where there is danger to life or health.

In March 1996, in association with World Consumer Rights Day, the Federation launched a special telephone helpline called "Consumers' Telephone". This gave every consumer in Sofia access to full information about the price and quality of all goods and services in which they were interested (other than food products and medicines), together with addresses and telephone numbers of stockists. The data were assembled by 20 full-time staff in Sofia, together with six specialists in Haskovo, Stara Zagora and Sliven, employed on five-month contracts under the Ministry of Labour and Social Care's Programme for Temporary Employment. All the staff were highly qualified economists or engineers paid a minimum salary plus social insurance under the rules of the scheme.

Also in 1996, the Federation had help from a Greek consumer organisation KEPKA in setting up five Advice Centres offering legal advice to consumers in Sofia, Plovdiv, Veliko Tirnovo and Blagoevgrad. Two of these centres are still in operation. This project was funded by the Phare Programme.

The Federation's other activities include:

- **lobbying government and campaigning in the media for the creation of a legal framework designed to protect consumer rights and interests in a market economy**

In recent years, FCB specialists have drawn up and presented to the relevant parliamentary commission and ministers more than 30 proposals for the introduction or revision of legislation dealing with matters such as general consumer protection, prices, Value Added Tax, standardisation, financial fraud, etc.

- **promotion of, and participation in, the creation of certification programmes, and associated**

### **quality marks, as a means of giving consumers information before purchase about the safety and quality of goods**

In 1991 FCB registered its own trade mark to raise consumer awareness of safety and quality issues in the choice and price of goods and services; to help consumers to make informed choices; and to protect responsible producers and traders from unfair competition by granting them the right to mark their goods with FCB's trade mark and to display it in their shops as a sign of approval. FCB has signed partnership agreements with the National Commission for Prices and some certification bodies and laboratories recognised by the Committee for Standardisation and Metrology. The agreements are designed to lead to a certification system in which the organisations responsible are required to take the necessary steps to certify products in accordance with health and safety standards in Bulgaria, and to make recommendations for awarding the Federation's mark. The award is endorsed by a representative of the Federation who chairs the Certification Board.

Applications of the mark are concentrated in the canning, dairy and soft drinks industries, and are particularly intended to protect consumers against products adulterated with heavy metals, pesticides, dyes, colouring and flavouring agents etc. Up to the present time, 32 producers have been licensed to mark 42 products. No payment is made for the license, and the decision to grant approval for the mark rests with FCB.

- **educating and training consumers to adapt to the changed conditions of the market through national and regional media**

Since May 1996, by agreement with the Committee for Standardisation and Metrology, FCB has been able to contribute six pages regularly to a monthly magazine *Standardisation, Certification and Metrology*. The information covers:

- consumer attributes of products
- their quality and manufacture
- labelling and instructions
- health and environmental questions
- consumer advice

- consumer protection through law and standards
- standards and consumer rights
- services and consumer rights
- monopolies and pricing policies
- comparative tests of products.

FCB uses radio, television and newspapers to publicise the same issues as those covered in *Standardisation, Certification and Metrology*. It has four regular slots, two in the morning and two at prime time in the evening, on Bulgarian National Television. On National Radio, it has one weekly and one fortnightly morning slot: and once a month, there is a four-hour discussion from 8 am to noon with the chairmen of various state authorities involved in consumer issues.

FCB also provides also weekly columns or news items in more than ten national newspapers, and makes regular appearances on all private television and radio stations.

### 3.6 The Bulgarian National Consumers Association (BNCA)

BNCA was founded at the end of 1998 and registered in February 1999. It is a not-for-profit, voluntary organisation declaring aims, priorities and activities very similar to those of the Federation.

The Association has 390 members and 19 branches in various regions of the country. The membership fee is 2.5 Euros a year.

The President of BNCA is Assen Kanev.

The Vice-President is Krassimir Jelev.

The Executive Director is Bogomil Nikolov.

**Address:** Bulgarian National Consumers Association,  
PO Box 36,  
Sofia 1592,  
Bulgaria

**Tel/Fax:** + 359 2 732 802

**E-mail:** assen@mail.daisy.orbitel.bg

### 3.7 Consumers' Centre for Information and Research (CCIR)

CCIR is a regional organisation, founded in February 1998, dealing specifically with consumer interests at the local level in the city of Plovdiv. It is a not-for-profit NGO with voluntary membership, and describes itself as a 'union of professionals, politically and religiously neutral, and independent of the government's administration'. Its main aims are to promote the development of the civil society through its research and information activities. It is also active in monitoring the market for violations of mandatory product standards, and runs a hot 'phone-line for consumer complaints about low quality goods and illegal trade practices.

The President of CCIR is Yanka Davtcheva.

**Address:** Consumers' Centre for Information and Research,  
1 Izotchen Blvd.,  
4000 Plovdiv,  
Bulgaria

**Tel:** + 359 32 827 601

**Tel/Fax:** + 359 32 621 055

**E-mail:** ydavch@ulcc.uni-plovdiv.bg

# Czech Republic

## 1 Summary

**The Czech Republic's consumer legislative programme is taking rather longer to complete than originally planned, partly because of frequent changes of government, but is now well on the way. At the end of 1996, as part of the process of implementing the *Acquis Communautaire*, the Ministry of Industry and Trade were given the task of drawing up a consumer programme, the *Conception of Consumer Policy*. This was approved finally in December 1998, and laid down the priorities for 1999 and 2000.**

In the spirit of minimum intervention in the market which has prevailed in the Czech Republic, there is no separate state consumer office, nor is one contemplated. The overall responsibility for consumer policy and protection lies with a small Consumer Protection Department within the Ministry of Industry and Trade (created in 1998); but four other ministries and numerous supervising bodies are responsible for particular aspects of regulation or enforcement.

This divided (and sometimes overlapping) responsibility has been debated in government for the past ten years, and much energy has been expended on preserving territorial power. However, increasing attention is now being given to improving co-ordination between these various authorities. One of the Ministry's three priority tasks for 1999 was to draw up a system for consumer policy co-ordination. Its proposals were approved by the government at the end of October 1999; a Working Group was set up, and work started at the beginning of 2000.

In the independent sector there have been significant developments towards the creation of a national movement. In March 1999, six widely differing consumer groups signed a voluntary but formal agreement to co-ordinate their activities in certain areas of consumer work - primarily in relations with government departments and in campaigning for improved legislation. The intention was to bring together the common features of their activities without inhibiting the development of their individual services to consumers, either nationally or locally. A volunteer from one of the groups acts as co-ordinator on a six-monthly rotating basis.

There are currently three major groups among the signatories to the agreement.

Centrum Spotřebitelsko-Podnikatelských Vztahů a Ochrany Spotřebitele (The Centre for Consumer-Business Relations and the Protection of Consumers) has developed from a consumer advice centre operated since 1992 by the local authority in Trebic in Moravia, which offers consumer information and advice and mediates between consumers and shopkeepers. In February 1996, the three members of staff running the centre converted it into an independent, non-government organisation, The Centre for Business-Consumer Relations and the Protection of Consumers. It aims to improve relations between shops and their customers through education and publishing, developing advice centres and helping to resolve disputes out of court.

Since 1998, the Centre has received financial support and training from the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV) under the

Phare CICPP II Programme. This has enabled its specialists to provide training for staff in 24 Czech municipalities, which now provide consumer advice on a local basis as a part of citizens' advice services; and for the advice officers of the Consumer Information Centres operated by the Consumers Defence Association.

The Centre's activities are currently concentrated in three areas: providing consumers with information and advice on particular problems; offering training and education for local and regional consumer advice offices; and acting as expert witnesses, particularly in court – the two leaders being recognised and registered as consumer protection experts. All the work is carried out by volunteers: the Centre has no paid staff.

The Consumers Defence Association (Sdruzeni Obrany Spotřebitelu CR), formed in February 1993 and originally based in Ostrava, Moravia, moved its headquarters to Prague in 1999 on the death of its founder. It has 270 members, predominantly activists, in nine branches, including Prague. It publishes a quarterly magazine, *Stít Spotřebitele (The Consumer's Shield)*, with a circulation of around 500, directed mainly at members who receive it free as part of their subscription. It became an affiliate member of Consumers International in 1999.

The Association's main work since 1997 has been the creation of five Consumer Information Centres in Prague, Brno, Ostrava, Plzen and Zlin. This project, which the Association would like to expand throughout the Republic, has been financially supported since 1998 by the Czech Civil Society Development Foundation (as part of the Phare Programme for the Development of the Civil Society) and by the Ministry of Industry and Trade. These two sources represented over 90% of the Association's total income in 1999, the remainder coming from members' subscriptions and sales of the magazine.

The Consumers Defence Association has ambitions to develop into a national organisation with a broad range of activities. It is particularly interested in drawing young people into the consumer movement, both

through consumer education in schools and through the Consumer Information Centres.

The best-known champion of the consumer cause in the Czech Republic is the monthly magazine, *d-TEST*, and especially, through her regular media appearances, its founder-editor, Ida Rozova. It began life in 1992 as a monthly free insert in the satirical weekly magazine, *Dikobraz*, which enjoyed a circulation of 180,000 in the former Czechoslovakia, but has operated as an independent monthly magazine (with a minuscule staff) since September 1993. *d-TEST* is published by Občanské sdružení Spotřebitelů "TEST" (Civil Association of Consumers "TEST"), which became an affiliate member of Consumers International in 1998. The Chairman is Ida Rozova.

*d-TEST* is a comparative testing magazine giving general and specific advice on a wide range of goods and services, with particular emphasis on issues of safety. It carries no advertising and allows no commercial exploitation of its findings. It has an average circulation of around 29,000, with more than 12,000 subscribers. The intention is that during 2000, these subscribers will be invited to become associate members of the Association which currently has no members other than about 50 active volunteers (mainly specialist advisers to the magazine).

About 35% of the magazine's income comes from subscription and sales revenue, and the remainder from an annual government grant which covers the print and paper costs, and a contribution to comparative testing costs.

One of the Ministry of Industry and Trade's priorities under the *Conception of Consumer Policy for the period 1999-2000* is to develop the activities of consumer associations. There has always been a good working relationship between *d-TEST* and the Ministry, which has provided essential funding for the production of the magazine for the past five years. More recently, the Ministry has also provided financial support to the Consumer Defence Association for its advice work, and is in general prepared to offer help where there is evidence of practical outcomes on a national scale.

## 2 Public Sector

### 2.1 Legal Framework

A general *Consumer Protection Act*, No. 634, was passed in December 1992 by the Federal Assembly of Czecho-Slovakia, and subsequently adopted with amendments in the Czech Republic (Act No.217/1993). Further amendments came into force in July 1995 listing, among other things, organisations responsible for consumer protection in the Czech Republic and empowering them to adopt implementing regulations under the Act.

The Federal Act No. 63/1991 on *Unfair Competition*, as amended by Acts Nos. 495/1992 and 286 of 11.11.93, has also been adopted in the Czech Republic.

An *Act on the Regulation of Advertising* was passed in February 1995.

The Czech Republic formally applied to join the European Union on 23 January 1996, and is thus committed to harmonising its legislation with that of the European Union. The following laws and regulations are part of this programme:

- *a Regulation on Textile Names* (implementation of Directive 71/307/EEC) in force since July 1996
- *Act No. 22/1997 on the Technical Requirements of Products* (implementation of Directive 92/95/EEC on General Product Safety) came into force in September 1997, and was subsequently amended in 1999. A separate Act on General Product Safety should be in place by 2002
- *Act No. 110/1997 on Food* (comprehensive harmonisation of food legislation) in force from 1 September 1997
- *an Amendment to the Insurance Act* (a second step towards complete harmonisation): came into force in 1997
- *a Government Resolution on Toys* (implementation of Directives 88/378/EEC and 93/68/EEC): came into force in 1998

- *Act No. 59/1998 on Product Liability* (implementation of Directive 85/374/EEC): came into effect on 1 June 1998: an amendment is due in 2002
- *Act on some Tourist Services* (implementation of Directive 90/314/EEC on Package Travel): came into force in 1999.

All other specific legislation affecting consumer protection predates the creation of the Czech Republic.

Further laws and regulations are currently being prepared or considered as part of the harmonisation programme:

- *Act on Public Health Protection* (comprehensive harmonisation of cosmetics legislation): due to come into force in 2000: subsequent regulations are in draft
- *a Bill on Products which, appearing to be other than they are, endanger the Health and Safety of Consumers* (implementation of Directive 87/357/EEC – concerned mainly with products which look like food but are not, and which could particularly harm children if chewed or swallowed): being considered: should be in force in 2000
- *an Amendment to the Act on the Regulation of Advertising* (draft in preparation reversing the burden of proof, implementation of Directive 97/55/EC on Comparative Advertising): should be in force by 2001
- *a Bill on Time-Share Property* (implementation of Directive 94/47/EEC): being considered: should be in force in 2002
- *a Bill on Consumer Credit* (implementation of Directives 87/102/EEC and 90/99/EEC): in preparation: should be in force in 2002
- *an Amendment to the Act on Prices* (implementation of Directive 98/6/EC on Indication of Prices): should be in force by January 2003
- *an Amendment to the Civil Code* (implementation of Directive 93/13/EEC on Unfair Contracts, Directive 85/577/EEC on

Sales Away from Business Premises and Directive 97/7/EC on Distance Selling): should be in force by 2002

- a *Bill on General Product Safety* (as a separate law): should be in force by 2002
- a *Bill on Personal Data Protection* (complete harmonisation of legislation with EU): draft in preparation.

## 2.2 Responsibility for Consumer Policy and Affairs

Overall responsibility for consumer affairs lies with the Ministry of Trade and Industry. There is no separate government Office of Consumer Protection, and none is envisaged, though a separate Consumer Protection Department was created within the Ministry in 1998. A Consumer Consultative Committee, involving the non-government consumer organisations, will be set up by the end of June 2000.

In particular fields,

- the Ministry of Industry and Trade is responsible for protecting consumers' economic interests, for the safety of non-food products and for advertising;
- the Ministry of Agriculture is responsible for the safety of foodstuffs, drink and tobacco products, and for phytosanitary and veterinary questions;
- the Ministry of Regional Development is responsible for tourist services;
- the Ministry of Health is responsible for public hygiene, drugs and drug advertising, toys and cosmetics;
- the Ministry of Finance is responsible for price labelling;
- the Czech National Bank is responsible for some aspects of consumer credit and payment cards.

Day to day enforcement of consumer legislation, under the 1995 amendments to the Consumer Protection Act, is the responsibility

of various agencies such as the Czech Trade Inspection, Czech Agricultural and Food Inspection, Hygiene Service and State Veterinary Administration, and regional and local trade licence offices.

The Deputy Minister, Budget and Support, is Doc. Ing. Karel Spacek.

**Address:** Ministry of Industry and Trade of the Czech Republic,  
Na Frantisku 32,  
112.49 Praha 1, Czech Republic

**Tel:** + 420 2 2485 2259  
**Fax:** + 420 2 2485 2283

The General Director of the Entrepreneurial Activities Section is Ing. Vaclav Polak.

**Tel:** + 420 2 2486 2203  
**Fax:** + 420 2 530 111

The Director of the Consumer Protection Department is Ing. Josef Trzicky.

**Tel:** + 420 2 2485 2964  
**Fax:** + 420 2 2485 2123

The consumer specialist is Mgr Petr Stepan.

**Tel:** + 420 2 2486 2754  
**Fax:** + 420 2 2486 2123  
**E-mail:** [stepan@mpo.cz](mailto:stepan@mpo.cz)

The Chief Hygienist is MUDr. Jiri Vytlačil.

**Address:** Ministry of Health of the Czech Republic,  
Palackeho nam. 4,  
128 01 Praha 2, Czech Republic

**Tel/Fax:** + 420 2 2497 1111

The Chief Director is MVDr. Josef Holejsovsky.

**Address:** State Veterinary Service of the Czech Republic,  
Tesnov 17,  
117 05 Praha 1, Czech Republic

**Tel:** + 420 2 231 95 54  
**Fax:** + 420 2 231 82 82

The Chief Director is Ing. Jakub Sebesta.

**Address:** Czech Agricultural and Food Inspection,  
Sumavska 31,  
612 54 Brno, Czech Republic

**Tel:** + 420 5 4132 0011/365

**Fax:** + 420 5 742 682

The Chief Director is Mgr. Zbynek Suchomel.

**Address:** Central Inspectorate of the Czech Trade Inspection,  
Charvatova 6,  
110 00 Praha 1, Czech Republic

**Tel:** + 420 2 268 063/268 158/268 074

**Fax:** + 420 2 2408 3383

## 2.3 Staff and Budget

The consumer protection function within the Ministry of Industry and Trade is carried out by the Consumer Protection Department, which has a total staff of seven. There is no separate annual budget for consumer protection.

## 2.4 Functions

The Ministry of Industry and Trade is responsible for all aspects of consumer policy and protection other than:

- food (Ministry of Agriculture)
- public health protection, water, cosmetics and hygiene supervision (Hygiene Service of the Ministry of Health)
- price policy, credit and insurance (Ministry of Finance)
- monopolies and competition policy (Office for Economic Competition)
- safety of machinery (Czech Work Safety Administration)
- testing and standards (Czech Office for Standards, Metrology and Testing)
- television and broadcasting (Television and Broadcasting Council).

## 2.5 Enforcement

Enforcement of the provisions of the Consumer Protection Act and other relevant consumer legislation is entrusted to various agencies accountable to different Ministries. The supervising authorities comprise:

- Czech Trade Inspection (accountable to the Ministry of Industry and Trade)
- Czech Agriculture and Food Administration (Ministry of Agriculture)
- State Veterinary Service (Ministry of Agriculture)
- State Institute for Drugs Control (Ministry of Health)
- Regional Hygienic Stations (Ministry of Health)
- District Hygienic Stations (District Offices)
- Trade Licence Offices (District Offices)
- Czech Office for Standards Metrology and Testing (Ministry of Industry and Trade)
- Czech Work Safety Administration (autonomous government office).

The Czech Trade Inspection is the main supervising body for non-food products and for the protection of economic interests of consumers. It has the power to enter shops, warehouses and factories, to take samples, to prohibit the sale of defective goods, and to impose penalties of up to 570,000 Euros.

This divided responsibility is regarded in government circles as unsatisfactory, and has been the subject of discussion for ten years. The first steps towards improving the system were taken in the *Act on Food*, followed by further changes in 1999 with the *Act on Public Health Protection*.

In the consumer policy programme *Conception of Consumer Policy for 1999-2000*, approved by the government on 8 December 1998 after a two-year gestation period, the

Ministry of Trade and Industry is appointed (together with its Working Group on Consumer Policy) as the co-ordination body for consumer policy over the whole field. This applies even where enforcement is the responsibility of authorities accountable to other ministries. The system of co-ordination was approved in October 1999. Work on implementation began at the beginning of 2000.

## 2.6 Principal Programmes and Priorities

According to the *Conception of Consumer Policy for 1999-2000* the immediate priorities of Czech consumer policy are:

- to protect citizens' health and safety
- to protect the internal market against unfair practices
- to develop the activities of independent consumer associations
- to increase consumer awareness
- to promote sustainable development through better consumer information, through legislation and through co-operation with producers; and to define the conditions for considerate behaviour towards the environment
- to prevent the raising of non-tariff trade barriers and eco-dumping.

The main method of achieving these objectives is through the implementation of European Union (EU) legislation.

The Ministry of Trade and Industry was given three additional tasks in 1999, as well as the drafting of the *Conception of Consumer Policy*:

- to draft a *Concept of Consumer Legislation*
- to draft a system for consumer policy co-ordination (approved in October 1999)
- to draft a system of support for consumer associations, including financial support.

## 3 Independent Sector

### 3.1 General

The consumer movement has been slow to develop in the Czech Republic, and at the beginning of 2000, there was still no national organisation representing all Czech consumers.

However, in March 1999, six separate and diverse consumer organisations entered into a voluntary formal agreement to co-ordinate the consumer response to proposals for draft legislation and other key policy issues, and to make a more effective consumer lobby on questions of injustice and consumer detriment. The voluntary role of co-ordinator is taken for six months at a time by one of the signatories to the agreement.

Three of the six participants comprise the most influential and active groups in the Czech Republic. These are:

- Centrum Spotřebitelsko-Podnikatelských Vztahů a Ochrany Spotřebitele (The Centre for Consumer-Business Relations and the Protection of Consumers), based in Třebíč
- Sdružení Obrany Spotřebitelů ČR (The Consumers Defence Association), founded in Ostrava in Moravia in 1993, but based in Prague since February 1999
- Občanské Sdružení Spotřebitelů "TEST" (The Civil Consumer Association "TEST"), publisher of the successful consumer magazine *d-TEST*. The Association is closely linked with a small group of activists in Prague 3.

The three other signatories to the agreement are:

- the Czech Consumers Association, one of the first groups to form in the former Federation of Czecho-Slovakia. This group re-emerged in 1998 after a long fallow period
- the Consumer Protection Centre of Nymburk, a small local organisation

- the Consumers Information and Advice Service (intended as a service to other consumer organisations rather than directly to consumers, but relatively inactive since it was set up in 1998).

### 3.2 The Centre for Business-Consumer Relations and the Protection of Consumers

In 1992, the local authority in Trebic in Moravia established a consumer advice centre, staffed by two – now three – local authority employees offering consumer information, advice and redress in cases settled out of court. In the years since it opened its doors, many consumers from all parts of the Czech Republic have been helped by the Centre, since, for a long time, it was the only one of its kind in the country.

In February 1996, the three staff members restructured the Centre into a non-government organisation, Centrum Spotřebitelsko-Podnikatelských Vztahů a Ochrany Spotřebitele (the Centre for Business-Consumer Relations and the Protection of Consumers). Its aim is to contribute to the improvement of relations between consumers and the business world by informing, advising and educating both consumers and entrepreneurs in consumer protection, and by influencing legislation. It continues to be based in Trebic – the three founders remain on the staff of the local authority and give their time voluntarily to the Centre: but it now operates throughout the country, particularly in training advisers in the expanding consumer advice network.

Providing consumer advice to the citizens of the Czech Republic is now recognised as a priority in the development of consumer services, both by the voluntary organisations and, most recently, by the Ministry of Industry and Trade, which has begun to provide financial support for this activity. The Centre, which as part of the Phare CICPP II Programme, has received financial support and training from the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV) has played a major role in this development.

Its specialists have provided training for staff in 24 Czech municipalities (which have recently added consumer advice to their citizens' advice service), and for the advice staff of Consumer Information Centres operated by the Consumer Defence Association (see 3.3 below) and by some regional groups. In 1999 the Centre organised three training seminars for 96 participants. This will be followed up in 2000 by two education workshops for 60 participants. The next priority is to develop a consumer information system for the use of all organisations offering consumer advice in the Czech Republic.

The Centre has no paid staff and no members, and is dependent for funding on international programmes and government support.

Its activities mainly fall under one of three headings:

- providing consumers with information and advice on resolving particular problems. In 1999, the Centre gave approximately 400 professional consultations, 46% in face-to-face meetings, 47% by telephone and 7% by letter
- offering training and education for local consumer advice offices
- acting as expert witnesses. This normally involves providing written opinion when needed in court cases, either by state authorities or individual consumers. The Centre's leaders are registered as experts in consumer protection, which allows them to act in this capacity.

The Chief Experts of the Centre are Ivan Vojtek and Miloslav Holub.

**Address:** Centrum Spotřebitelsko-Podnikatelských Vztahů a Ochrany Spotřebitele,  
Okresní úrad Trebic,  
Masarykovo nám. 6,  
674 30 Trebic, Czech Republic

**Tel:** + 420 618 805 129

**Fax:** + 420 618 840 134

### 3.3 The Consumers Defence Association

The Consumers Defence Association (CDA) was established by Zdenek Skuta in Ostrava, Northern Moravia, in February 1993. Between 1993 and 1998, it established thirteen branches covering the Czech Republic, with an overall membership of around 350. However, following the sudden death of its founder and chairman in 1998, the Association passed through a difficult period. Its revival followed the decision by the General Assembly in February 1999 to move the organisation to Prague. Frantisek Lobovsky was elected as the new chairman. In that year, CDA also became an affiliate member of Consumers International.

CDA's membership is made up predominantly of voluntary activists. It now has 270 members in nine branches. Each member pays an annual fee of Cz. Kr. 20 (0.55 Euros).

The Association's total income in 1999 was Cz. Kr. 1,181,989 (approximately 32,800 Euros), an increase of 50% on the previous year. The two major sources of income were grants from the government (Cz. KR. 600,000 – 16,700 Euros); and from the Czech Civil Society Development Foundation (as part of the Phare Programme for the Development of the Civil Society) (a total of Cz. Kr. 475,000 – 13,200 Euros – from three grants spread over the years 1998-2000). These grants are intended to support the development of CDA's network of Consumer Information Centres which began to be created in 1997. Centres have so far been opened in five cities – Prague, Brno, Ostrava, Plzen and Zlin. Between them, they helped more than 2,000 consumers during 1999. Their advisers are being trained by the Centre for Business-Consumer Relations and Protection of Consumers (see 3.2 above).

CDA collects and analyses information on consumer problems and applies the results in its work on technical standardisation, and in campaigning for improved legislation. It is developing a project to strengthen consumer education in schools, and has as one of its goals involving young people in the consumer movement. In general, the Association is striving to increase consumer awareness both

through collaboration with the media and via its own web site *World of Consumers*.

The Association also publishes a quarterly magazine *Stit Spotřebitele (The Consumer's Shield)*, directed particularly at members who receive it free. It is also on sale at 5 Kr. per copy (0.14 Euros), with average sales of around 200 per issue. The magazine provides information on the work of CDA and of the Czech consumer movement generally, on legislative issues in the Czech Republic and on international matters of interest to Czech consumers.

The President of the Association is Frantisek Lobovsky.

The Vice-Presidents are Libuse Olivkova (Ostrava), Jaroslav Parizek (Brno) and Karel Pavlik (Prague).

**Address:** Sdruzeni Obrany Spotřebitelu  
CR (Consumers Defence Association),  
Stepanska 15,  
CZ -120 00 Praha 2,  
Czech Republic

**Tel/Fax:** + 420 2 962 12004

**E-mail:** spotrebitel@atlas.cz

**Website:** <http://www.spotrebitele.cz>

### 3.4 d-TEST

The best-known consumer voice in the Republic is that of the comparative testing and campaigning magazine, *d-TEST*, and of its founder and Editor-in-Chief, Ida Rozova. Established in 1992 as a free monthly insert in the weekly satirical magazine *Dikobraz* (with, at its peak, a circulation of 180,000 in federal Czechoslovakia), it became an independent monthly publication in September 1993. Current average circulation is about 29,000, of which more than 12,000 copies go to regular subscribers. The remaining 17,000 are sold through newsagents, etc. via wholesale distribution.

The magazine includes both reports of tests carried out in the Czech Republic on products on sale locally and reprints of tests in western consumer magazines, as well as information on consumer rights, food, etc. There is a

particular emphasis on safety and on products for children, with which there are a lot of problems. Over the next year, the Editor hopes to be able to increase the number of comparative test reports in the magazine based on tests carried out in Czech laboratories, funds permitting.

The cover price of the magazine (22 Cz. Kr. [approx. 0.61 euros]) on the street, 18 Cz. Kr. to subscribers [0.6 euros]) is believed to be the maximum the market will stand, but is well below the economic cost, making the magazine dependent on external funding for the foreseeable future.

The magazine receives a great deal of media coverage, and for many years, Ida Rozova has herself taken the information from *d-TEST* to a wider audience on radio and television. In addition to occasional appearances, she has a regular 25-minute spot four times each month on a live 'phone-in radio programme: 8-10 minutes twice a month at lunchtime on a TV programme for women at home: and 10-12 minutes twice a month at Sunday lunchtime on a very popular programme about homes and gardens. Both these television programmes are live and unscripted and attract huge (and growing) audiences, particularly the second. Being a lawyer as well as a writer, she is able to handle consumer problems with both authority and experience.

*d-TEST* is published by Obcanske Sdruzeni Spotřebitelu 'TEST' (Civil Consumer Association 'TEST') (OSS'T'), a name which goes back to 1992 when the magazine started, but which became a reality as an Association only in 1998. In that year OSS'T' became an Affiliate member of Consumers International.

In the coming year, the Association plans, resources permitting, to publish a legal handbook for consumers, containing practical advice drawn from the regular articles on legal problems in the magazine.

OSS'T' has not, up till now, had the resources to create a membership organisation from its subscribers, but there are plans to convert subscribers to *d-TEST* into Associate Members during 2000. This would create a membership base of around 12,000.

Until mid-1995, there was a paid staff of one: the Editor, Ida Rozova. There are now three full-time staff members – the Editor in Chief, her assistant and a finance officer – backed up by a free-lance editor, illustrator and designer. There are also 48 active volunteers in the Association.

Initially (before it became an independent publication) the magazine was financed through sponsorships – from, for instance, the publishers and printers of Dikobraz, and from a Czech bank and insurance company (the magazine did not cover financial services). Advertising was not, and is not, accepted.

Now the only external source of funding is an annual grant from the Ministry of Industry and Trade to cover printing, paper and a contribution to testing costs. Out of a total income of approximately 8.6m Cz. Kr. (240,000 Euros) in 1999, this accounted for 5.6m Cz. Kr. (155,600 Euros) (65%). The remaining 3m (35%) was generated from sales and subscriptions.

The Editor-in-Chief of *d-TEST* and Chairman of OSS'T' is Ida Rozova.

The Vice-Chairman of OSS'T' is Jiri Rausch.

**Address:** JuDr. Ida Rozova,  
*d-TEST*,  
Post. Schranka 107,  
Kykalova 1,  
140 21 Praha 4

**Tel/Fax:** + 420 2 6104 5491

**Fax:** + 420 2 792 0195

**E-mail:** test\_rozova@mbox.vol.cz



# Estonia

## 1 Summary

**Consumer activity in Estonia remained largely unformalised and low-key until 1994. In that year, a general *Consumer Protection Act* came into force, the government laid the foundations of a State Board for the Protection of Consumers and the Estonian Consumers' Union was born.**

Since then, the government has introduced a wave of legislation, detailed in Section 2 below, to hasten Estonian consumer protection regulation towards conformity with the European Union (EU) *Acquis*.

The Estonian Consumers' Union has also expanded over the past five years to encompass 11 regional groups: but membership is free, and the Union has so far been financially dependent on external funding. It received an initial grant from the government in 1994 and increasing contributions in 1996, 1997, 1998 and 1999.

The first major move to raise the profile of the Union and to give it a professional base was made in 1996 with the opening of a consumer advice centre in Tallinn, with the financial and practical support of the German consumer organisation *Arbeitsgemeinschaft der Verbraucherverbände (AgV)*. The Union continues to operate this centre, which, since 1997, has been financially supported by the Estonian government. In providing advice of many kinds, the centre works in close collaboration with the Consumer Protection Board, whose officials help to solve the more difficult and complicated problems. The Union has also developed collaboration with Finnish consumer groups.

Estonian consumer policy is to great extent based on prevention, which consists of consumer information, education and market surveillance. It also provides consumers with an informal and fair system for handling their complaints, and, if necessary, a formal means of redress.

The emphasis is on close co-operation between the various parties – public and voluntary consumer bodies and the business sector, which also plays a role in improving consumers' position in the market.

## 2 Public Sector

### 2.1 Legal Framework

A general *Consumer Protection Act* was adopted on 15 December 1993 and came into force on 1 January 1994. The main principles of the Act are based on the provisions of UN Resolution 39/248 of 9 April 1985 (Guidelines for Consumer Protection). Its primary purpose is to safeguard consumers' rights in Estonia. The Act has been amended subsequently four times.

A Competition Act was passed in Riigikogu (the Estonian parliament) on 16 June 1993. On 11 March 1998 this was replaced by a new *Competition Act*, which came into force on 1 October 1998. A State Competition Board was set up in 1993 under the original Competition Act as a separate institution under the jurisdiction of the Ministry of Finance.

The 1995 Food Act was similarly replaced on 25 February 1999 by a new *Food Act* regulating foodstuffs and food products. Its main provisions came into force on 1 January 2000.

A number of government directives have been in force since 1994 regulating different aspects of consumer protection (product labelling, prices, general rules on the operation of stores and catering, textiles, etc.).

As part of the implementation of the *Consumer Protection Act*, the government passed resolution no. 151 of 2 May 1994 establishing a new State Board for the Protection of Consumers and Consumer Protection Organisations in place of the former Trade Supervision Board. The Consumer Protection Board (CPB) is under the jurisdiction of the Ministry of Economic Affairs, and is headed by a General Director appointed by the Minister. Since 1 October 1995, the Board has had regional offices in 13 counties, which cover all the regions of Estonia.

Estonia signed an Association Agreement with the EU on 12 June 1995, thereby undertaking to bring its consumer legislation into line with the EU *Acquis*. As part of that process, a number of laws and regulations affecting consumers' rights have been introduced since 1996 in line with EU requirements, the most important of them being:

- *Labelling requirements for foodstuffs* (government regulation in force from 1 August 1998)
- *General Rules for Trading on Markets and Streets* (government regulation in force from 15 April 1998)
- *Advertising Act* (passed in Riigikogu on 11 June 1997, came into force on 1 January 1998)
- *Toy Safety Requirements and Labelling Regulations* (government regulation in force from 1 May 1998)
- *Product Safety Act* (passed in Riigikogu on 21 April 1998, came into force on 1 September 1998)
- *Rules for Services* (approved by government regulation of 4 August 1998, in force from 12 August 1998)

- *Alcohol Act* (passed in Riigikogu on 10 February 1999, came into force on 15 April 1999)
- *Labelling rules for shoes* (government regulation signed 20 January 1999, in force from 1 January 2000)

A *Bill of Obligations* is currently before parliament and was due under the government's Action Plan to have been adopted by the end of 1999. This one piece of legislation will harmonise Estonian law with a substantial number of EU consumer Directives, notably in the areas of:

- package travel, package holidays and package tours
- protecting the rights of owners of time-share property
- liability for defective products
- consumer credit
- unfair terms in consumer contracts
- contracts negotiated away from business premises.

At present Estonia has no major problems with the EU negotiation in the chapter of consumer protection. Its government does not intend to request any transitional period or derogation to the *Acquis* in this chapter, and is prepared to adopt it in full on accession to the European Union.

## 2.2 Responsibility for Consumer Policy and Affairs

The Consumer Protection Board (CPB) is a national authority established in May 1994 under the jurisdiction of the Ministry of Economic Affairs. Its main tasks are to protect the legitimate rights of consumers and represent their interests, and to develop and implement the provisions of the United Nations (UN) Guidelines, the *Consumer Protection Act* and EU Consumer Policy. Its rights and obligations are set out in the Consumer Protection Act.

A feature of the Estonian system of consumer protection is that local government plays an important role. Some local authorities have established their own Consumer Protection Offices; others have formed special Councils.

These resolve consumer complaints as well as control trade practices at the local level.

Voluntary consumer organisations have the right to be represented on the Consumer Consultative Council, created according to the Decree of the Minister of Economic Affairs No. 25 on 16 May 1994. The role of the Council is to advise the CPB on consumer policy. It has a representative from each voluntary consumer organisation and from every local authority which has established a consumer protection department.

The Board has developed close working relations with both the local government institutions and the independent sector, and organises joint training of staff of the Board and representatives of consumer organisations. The Board and the Estonian Consumers Union work together in supervising trade and services at the local level, and in exchanging information about goods on the market in order to make consumer choice easier and more effective.

The Board also has a strong relationship with the media. At least once a month it issues a general press release about the effects of its work; and publicises particular problems as they emerge. The Board's staff also often take part in the fortnightly consumer protection programme "Pooltund kõigile" on State Television.

The Director General is Dr. Ph. Helle Aruniit.

The Deputy Director (Trade Supervision) is Marje Kokk.

**Address:** The State Consumer Protection Board,  
(Riigi Tarbijakaitseamet),  
Kiriku 4,  
15071 Tallinn, Estonia

The Deputy Director (Services Supervision) is Enn-Toivo Annuk.  
The Head of the Department of Information and Advice is Anu Roosalu.

**Tel:** + 372 6 201 700

**Fax:** + 372 6 201 701

**E-mail:** info@consumer.ee

## 2.3 Staff and Budget

The Consumer Protection Board had, in 1999, a staff of 56 and an annual budget of EEK 6.1 million, equivalent to about 388,000 Euros.

The CPB consists of four departments:

- the Department of Supervision of Trade, which deals with consumer complaints and supervises trade
- the Department of Supervision of Services
- the Department of Consumer Protection Policy, which deals with legal issues
- the Department of Information and Advice, which is engaged in the training and counselling of consumers and traders and international co-operation.

Since October 1995, the Board has had offices in 13 counties, which cover all 15 regions of Estonia. Each office contains 1 or 2 specialists.

## 2.4 Functions

The principal functions of the Board, as defined in the Act, are:

- to guarantee the legal rights of consumers in relation to sellers
- to control whether sellers of goods and services comply with the Act and other relevant regulations
- to monitor the quality of goods and services
- to represent consumers in state and local government institutions, in relation to sellers and manufacturers, and in courts
- to take part in consumer legislation activities
- to settle consumer complaints
- to inform and advise consumers.

In practice, its main roles are:

- general legal protection of consumers
- monitoring the quality of goods and services
- protecting consumers' economic interests (eg in the case of unfair contracts)
- consumer education and advice
- co-ordination of all the activities of state and public institutions in the field of consumer protection (over and above legislative questions)

- collaborating with international agencies on consumer issues
- co-operating with, and supporting the activities of, voluntary consumer organisations.

## 2.5 Enforcement

Enforcement of the provisions of the *Consumer Protection Act* is carried out nationally and regionally by the State Consumer Protection Board as laid down in Decree No. 25 of the Minister of Economy, 16 May 1994.

The CPB supervises the market of consumer goods and services. It is entitled to impose fines and prescriptive orders in cases of violation of the *Consumer Protection Act* and other regulations. In co-operation with other state and local government institutions the CPB monitors areas such as product safety, misleading advertising, consumer contracts, public services, product labelling, etc. This role has been strengthened in recent legislation. For instance, in the *Product Safety Act* (in force since 1 September 1998) the CPB is named as one of the main market supervisory authorities concerned with consumer products.

The CPB also has the important role of co-ordinator between the various supervisory authorities for exchanging information and co-operating with one another on a regular basis.

In 1998 the Board controlled the operations of 3,485 trade and service enterprises. It detected 2,310 infringements of the law, and exacted a total of EEK 1.2 million (76,000 Euros) in fines.

The Board received 3,027 complaints from consumers. There were two main problem areas. Trade enterprises were the worst, arising from the bad quality of manufactured goods (notably footwear, home machines and textiles), followed by public and other services (water, heating, electricity and communications, and contractual terms in general). Claims have to be settled within a month.

The Board offers a short-cut to advice through a free telephone consultation service, open throughout the working week. 6,580 calls were taken in 1998, with manufactured goods –

particularly bad footwear – and public and other services again prominent in the list of complaints. Consumers were also dissatisfied with the selling of foodstuffs and the standard of catering establishments. The Board's staff give consumers advice on consumer rights, guarantees, labelling requirements etc. It also publishes information leaflets helping consumers to be critical and active in pursuit of their rights and providing practical tips on making sensible choices. At the beginning of 1998, the CPB opened an Internet homepage giving details of its activities, a list of its publications, and a catalogue of the relevant legislation.

The CPB constitutes an inexpensive alternative to civil courts. According to paragraph 14 of the *Consumer Protection Act*, the consumer shall be entitled, when his/her rights are violated, to submit a claim or complaint to the CPB, to local government (town or parish administration) or to court. Cases can also be settled via an arbitration court if both parties agree.

Civil actions can be brought by individual consumers, by an executive body of national or local government, or by social organisations on behalf of individuals.

There are no special consumer or small-claim courts in Estonia, but the Board can represent consumers in court or in arbitration proceedings, as well as protect the rights and interests of the consumer in court as a plaintiff or defendant, or as the third party in independent claims.

The CPB co-operates closely with the Consumers Union. They work together on various control activities, and the Union receives from the Board all the *Infoteek* files (information files containing consumers' views on different products and services) as well as its published leaflets. The CPB also has contacts with various business organisations for exchanging information and promoting the role of consumer protection.

## 2.6 Principal Programmes and Priorities

The Consumer Protection Board's principal priorities are:

- to train staff in all fields of consumer protection through national and international programmes
- to strengthen the consumer information and consumer advice functions of the Board and thereby to co-operate with independent consumer organisations and international consumers' organisations
- to promote harmonisation of Estonian and EU consumer regulations.

### 3 Independent Sector

#### 3.1 Estonian Consumers' Union

Eesti Tarbijakaitse Liit – the Estonian Consumers' Union (ECU) – was founded on 27 May 1994 at a meeting uniting four regional consumer groups established between 1989 and 1992. It is a voluntary, independent organisation which aims to protect the rights and interests of consumers, to educate and inform them, to co-operate with state and local bodies in the interest of consumers and to contribute to the formation of consumer policy. It is the only national organisation representing consumers in Estonia. During 1995, four further regional groups joined, and between 1996 and 1999 four more, each a legal entity in its own right. Currently, ECU is an organisation with eleven legal entities in all.

It collaborates with, and is represented on, the Consumer Consultative Council at the CPB. It also manages the Advisory Centre in Tallinn which was opened in 1996 with the financial and practical support of the German consumer organisation Arbeitsgemeinschaft der Verbraucherverbände (AgV), and with help from the CPB. The centre is now supported financially by the Estonian government. Each year its work expands, providing help and advice to consumers on a wide range of problems.

The Union has effective contacts with the Estonian media, which provide considerable time and space for consumer information. All daily newspapers offer consumer advice columns in both Estonian and Russian. Aado Luik, the Head of the Advisory Centre, has had more than 50 articles (20 in Russian) published in the press and broadcasts on

television. Aino Runge, one of the founders of the Union, also makes frequent appearances, along with officials from the CPB, on radio and television.

The Chairman from 1996 to 1999 was Mrs Varje Ojamets.

The current Chairman is Mr Heino Ilves.

**Address:** Estonian Consumers' Union,  
(Eesti Tarbijakaitse Liit),  
Sakala 23,  
10141 Tallinn, Estonia

**Tel/Fax:** + 372 6 411 697

The Head of the Advisory Centre is Dr. Ph. Aado Luik.

**Address:** Estonian Consumers' Union  
Advisory Centre,  
Tallinna Nouandla,  
Sakala 23,  
10141 Tallinn, Estonia

**Tel/Fax:** + 372 6 411 145

**E-mail:** [tarbija@netexpress.ee](mailto:tarbija@netexpress.ee)

#### 3.2 Membership

Active membership of the Union consists only of corporate members (legal entities). Membership of the regional groups is on an individual basis, but at the Union level, individuals are accepted only as supportive or honorary members. There are about 200 individual members in all. The corporate membership levy is equivalent to about 15 Euros per year; individual membership fees vary from group to group.

#### 3.3 Staff

The Union has five paid staff members – the Chairman, Director (from mid-1999), Secretary-General, Head of the Advisory Centre, and adviser at the centre. The groups consist only of volunteers.

#### 3.4 Finance

Shortly after it was set up, the Union received an initial grant from the government

equivalent to about 5,000 Euros to cover staff and office costs for 1994/95. It provided a further grant of 8,000 Euros in 1996, and grants in increasing amounts in each of the subsequent years – 26,000 Euros for the Advisory Centre in 1997, 1998 and 1999: plus 6,000 Euros for ECU in 1998 and 46,000 Euros in 1999.

Tallinn has become the focus of consumer work, but regional groups have little in the way of funds: they are poorly supported by their local municipalities, and individual consumers' fees are insignificant. So in 1999, the Union shared out a total of US \$10,000 (around 10,000 Euros) among its members to support their project work and to help with the cost of materials.

### 3.5 **Principal Activities and Priorities**

The Estonian Consumers' Union's current priorities are:

- advising consumers
- providing information to consumers
- offering training to the regional groups
- continuing to collaborate with Finnish and other consumer organisations
- attending international projects and training
- contributing to the formation and implementation of consumer policy in Estonia.

# Hungary

## 1 Summary

**In the early 1990s the Hungarian government began to lay the foundations of a consumer protection system consistent with European Union (EU) legislation. However, although a number of individual laws, including a product liability act, had been in place for a number of years, it was only in 1997 that a general *Consumer Protection Act* was accepted. It came into force in March 1998.**

Under the 1997 Act, the Ministry of Economic Affairs is entrusted with the development of consumer policy and legislation. It is also charged with involving the non-government consumer organisations in these processes, and generally with maintaining relations with the voluntary sector.

The General Inspectorate of Consumer Protection, which is under the direction of the Minister, is responsible for the enforcement of existing and new consumer laws and regulations. It also plays a part in drawing up, and evaluating, draft legislation, and in initiating amendments to existing laws. The General Inspectorate has been created by statute out of a merger between the former Consumer Protection Inspectorate and parts of the Quality Control Institute (KERMI). Its organisation, powers and functions have been redefined in two Government Decrees issued in 1998.

Hungary was one of the first countries in Central and Eastern Europe to develop a consumers' association. First formed as the National Consumer Council in 1982, it was re-established in its present form as the National

Association for Consumer Protection in Hungary (NACPH) – Országos Fogyasztóvédelmi Egyesület (OFE) – in 1991. The membership of NACPH comprises regional consumer groups in all the counties and consumer groups in several cities of Hungary. No membership fees are charged, and it has no revenue-earning activities: but it has always gained much of its strength from the willingness of both individual and corporate members to give their time and expertise – as many as 3,000 volunteers are involved in its work. NACPH has been a full Member of Consumers International since 1997.

Independent consumer organisations currently now have three potential sources of government funding.

First there is the general programme of financial support for all non-government organisations, administered by a parliamentary commission which screens all applications. However, this is open to all voluntary groups and grants are limited to between about 800 and 8,000 Euros, and any organisation directly supported from another government budget line is excluded.

Secondly, the *Act on Consumer Protection of 1997* stipulates that the state should provide annual subsidies for social organisations representing the consumer interest. (A total of 32.4m HUFs [143,000 Euros] was set aside for this in the 1999 budget, a considerable increase on the previous year, and there was talk of a further increase in 2000.)

Delays in the tendering process have, however, caused problems for consumer organisations

partly dependent on this funding. According to para. 2/h of the *Act on Consumer Protection*, only organisations that have been registered for two years or more are entitled to apply. However, NACPH has been generous towards fledgling groups and has been willing to include them in its own programmes in order that they should not be starved of money while they are establishing themselves.

The third source of finance for consumer work is somewhat contentious in principle and hazardous in practice. The 1998 Government Decree on the powers of the General Inspectorate specifies that 30% of all penalties extracted from traders should be put into a fund to which non-government consumer organisations can apply for testing, research, training, information, education and other such projects. Up till the beginning of 1999 the amount available from this source was small – and made smaller by the fact that many fines were not paid. The fund is expected to rise sharply in future years, but is bound to fluctuate according to the penalties imposed by the courts and the efficiency of the collection system.

The challenge for NACPH is how to build on its strong foundations of voluntarism, and to expand the activities, professionalism and influence of the organisation. Following a two-year project funded through the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände, (AgV), it is now running 34 advice centres in major cities of Hungary, 31 of which operate mainly on a voluntary basis.

It is involved in consumer education in schools, and is keen to publish a regular newsletter for consumers. There is no shortage of ideas for projects, but each depends on the success of applications to funders both at home and abroad.

Co-operation between public and private sector in Hungary has become stronger and closer over the past eighteen months, partly because the relationship is now defined in the law (in both the *Act on Consumer Protection* and the *General Inspectorate Decree*), and partly as a result of personal goodwill between the parties

The range of consumer activity in Hungary is constantly increasing. New organisations, varying greatly in substance and purpose, are set up and existing ones expand into new areas. Examples of these small groups are:

- INDRA (the National Society for protecting the Interests of Insured People), which started in 1993 with the aim of helping consumers in their claims against insurance companies. They have some 1,000 members and are based in the office of NACPH;
- the Consumer Protector and Consumer Union Foundation, a forum on the Internet in which consumers can present their problems and get help in solving them. It operates from the office of a press-cuttings agency;
- the Consumer Association in Szekesfehervar, formerly NACPH's member organisation in that city. It separated off from NACPH last year in order to be entitled to separate funding from the municipality.

There is one other conspicuous consumer venture in Hungary. In 1992, one of the Board members of NACPH, who was editor of Hungary's leading economics journal in the 1980s, launched a comparative testing magazine, *TESZT*, with initial grants from government through the Foundation for the Objective Information of Consumers and with paid advertising, without which it would not have been commercially viable. Published by a separate company, it operates independently of OFE but devotes a page a month to the Association's material. Advertisements are accepted from companies whose products are reviewed in the magazine, which rules it out from acceptance by the international consumer movement, presents problems for the editors in disputes with manufacturers, but is said not to undermine the faith of readers. Current circulation is around 25,000, of which more than 10,000 is by subscription. 73% of its funding comes from advertising and sales, the remainder via grants from the government and the General Inspectorate.

KERMI continues to be involved in consumer protection work through its revenue-earning

functions - mandatory pre-marketing testing, technical tests and analyses, scientific research and experimental development, counselling, forensic evidence and education.

## 2 Public Sector

### 2.1 Legal Framework

The framework of consumer protection in Hungary has taken on a completely new look since 1997 with the long-awaited *Act on Consumer Protection* (effective since 1 March 1998) and the subsequent Government Decree No. 89/1998 setting out the terms of reference for the General Inspectorate.

Before that, consumer legislation was confined to a number of separate Acts passed between 1990 and 1995 – Act LXXXVII of 1990 on *Price Fixing*; Act V of 1990 on *Private Enterprises*; Act X of 1993 on *Product Liability*; Act XLI of 1994 on *Gas Supply*; Act XLVII of 1994 on the *Production, Transport and Supply of Electrical Energy*; Act XCVI of 1995 on *Insurance Institutes and Insurance Activities*; and Act LVII of 1996 on the *Prohibition of Unfair and Restrictive Market Practices*.

The Act on Consumer Protection (CLV of 1997) takes a major step forward in bringing Hungarian consumer law into line with the *Acquis Communautaire* of the EU. It is a general law covering among other things:

- health and safety
- protection of consumers' economic interests (including consumer credit)
- consumer information, including labelling, price marking and packaging
- consumer education in general society and in schools
- resolution of consumer disputes, including the creation of an independent Arbitration Board (this section of the Act came into effect in January 1999)
- the structure of state institutions of consumer protection, notably the roles of the Ministry of Economic Affairs, the General Inspectorate of Consumer Protection and the regional inspectorates
- relations with civil groups representing consumers' interests and their rights.

The provisions specifying the functions of the General Inspectorate for Consumer Protection were originally laid down in Government Decree 95/1991 (VII. 23). These functions were extended by a decree in 1995 which broke up KERMI, the Institute of Commercial Quality Control, and integrated its laboratories into the General Inspectorate for Consumer Protection – the aim being to enhance the effectiveness of consumer protection.

The structure, powers and responsibilities of the General Inspectorate have now been redefined in the *Act on Consumer Protection*, in Decree 89/1998, and also to some extent in Decree 79/1998 which deals with 'the safety of goods and services, and the related market supervision procedure'. The new broader powers of the General Inspectorate allow it to take up complaints on financial services, loans and public service contracts and to prosecute offenders who breach any aspect of consumer protection law or regulation.

### 2.2 Responsibility for Consumer Policy and Affairs

Politically, the overall responsibility lies with the Ministry of Economic Affairs, in collaboration with other ministries, for the development of consumer policy and the introduction of consumer legislation. The General Inspectorate of Consumer Protection also plays a part in developing policy.

Administratively, enforcement of consumer protection laws throughout the country is the responsibility of the General Inspectorate of Consumer Protection, the Budapest Inspection Office and the county inspectorates in the 19 counties of Hungary. The Director-General of the General Inspectorate is appointed by, and accountable to, the Minister of Economic Affairs. The county inspectorates, although professionally directed by the General Inspectorate, come under the authority of the country administration – which is under the overall jurisdiction of a different ministry, the Ministry of the Interior.

In addition, some particular areas of enforcement are the responsibility of specialist agencies – the Hungarian Energy Office for the

gas and electricity supply industries, for instance, and the Superintendence on Telecommunications for telecommunication services.

The Head of the Department of Internal Market and Consumer Protection is Mrs Emmi Koncse.

**Address:** Ministry of Economic Affairs,  
Vigado u. 6,  
H-1051 Budapest V, Hungary

**Tel:** + 36 1 235 4461  
**Fax:** + 36 1 235 4421

The Head of the Division of Consumer Protection and Market Surveillance is Mrs Zsuzsa Suhajda Kajdi.

**Tel:** + 36 1 235 4514  
**Fax:** + 36 1 235 4421  
**E-mail:** zsuzsa.suhajda@gmv.gov.hu

The Director General of the General Inspectorate of Consumer Protection is Dr.Gabor Huszay.

The Deputy Director General is Dr. Istvan Geri.

**Address:** General Inspectorate of Consumer Protection,  
Jozsef krt. 6,  
H-1088 Budapest, Hungary  
(**Mail:** P.O.B. 20, H-1428 Budapest)

**Tel:** + 36 1 210 0373  
+ 36 1 210 2538  
**Fax:** + 36 1 210 4677  
**E-mail:** fvf@mail.matav.hu

## 2.3 Staff and Budget

Within the Ministry of Economic Affairs, there is no section exclusively concerned with consumer protection. Consumer protection issues are dealt with by the staff of the Internal Trade and Market Development Department - and in particular by the Home Market and Consumer Affairs Department - with occasional help from specialists in other

departments. There is therefore no specific budget for consumer affairs.

The General Inspectorate of Consumer Protection has a total staff of 160 (including laboratory and technical staff, lawyers and other specialists). The county inspectorates (Budapest plus 19 counties) have between them approximately 220 staff.

In 1999 the General Inspectorate, following the requirements of the EU, restructured its organisation in order to separate market surveillance from product testing.

The financial position of the General Inspectorate is complicated by the fact that its main annual budget from the government is supplemented by income from penalties. From 'on-the-spot' fines, the General Inspectorate keeps 35%, the county inspectorates retain 25% and 40% reverts to the Treasury. In the event of a breach of consumer protection regulations, the General Inspectorate has the power to impose an unlimited fine. (The case comes to court only if the company refuses to pay.) From these penalties, the General Inspectorate keeps 15%, the county inspectorates receive 20%, 30% is retained for the benefit of civil organisations and 35% is returned to the Treasury. Proceeds from penalties can be spent only on education, information and the support of NGOs and Arbitration Boards.

The total central budget for enforcement in 1998 was approximately 400m HUF (equivalent to 1,770,000 Euros).

## 2.4 Functions

The principal functions of the Ministry of Economic Affairs in respect of consumer protection are:

- to develop and formulate consumer protection policy
- to set out the principles for consumer protection regulations, in co-operation with other ministries, notably the Ministry of Justice
- to bring forward proposals for modernising existing laws containing provisions relevant to consumer protection

- to add a consumer protection dimension to quality control regulations
- to supervise the activities of the General Inspectorate for Consumer Protection
- to develop relations with non-government consumer organisations.

The principal functions of the General Inspectorate are:

- to ensure that all the relevant parties are adhering to the requirements of consumer protection legislation (trade practices, labelling requirements, etc)
- to co-ordinate the activities of other state control bodies in the field of consumer protection
- to carry out check-testing as a part of market surveillance, and to publish the results
- to make proposals, and to provide expertise, on matters of consumer policy and in the preparation of consumer legislation
- to provide expert help and support to consumer organisations
- to handle (and resolve) consumer complaints.

## 2.5 Enforcement

The enforcement powers and responsibilities of the General Inspectorate of Consumer Protection and the county inspectorates were greatly widened in 1998 by the introduction of the *Act on Consumer Protection*, supported by Government Decree 89/1998.

Jointly, but under the co-ordination of the General Inspectorate, they are responsible for enforcing all aspects of consumer law, in the area of services as well as of goods.

They have the right to ban the sale of products, call for the withdrawal of misleading advertisements, take samples for testing and impose spot fines. There is no upper limit to the penalty they can exact when offenders have breached consumer protection regulations.

The General Inspectorate also plays a significant part in the Transitional Rapid Exchange of Information System on Dangerous Products (TRAPEX). This

international system was set up in 1999 with the General Inspectorate taking the role of Co-ordinating Secretariat.

In addition, the General Inspectorate is planning and developing the Hungarian Central Market Surveillance Information System, which is due to come into effect, by regulation, in 2000 under the management of the General Inspectorate.

An important extension of the enforcement of consumer rights came into effect in January 1999 with the creation of the Arbitration Board – an independent body operated jointly by the Chambers of Commerce and Industry, the Chamber of Handicrafts and the Chamber of Agriculture. Regional chambers may also operate local arbitration boards, with the participation of local governments if both parties are willing. The *Act on Consumer Protection* sets out in detail the appointment of Board members, their powers and responsibilities and the procedures to be followed.

The provisions contain one clause, however, which could deter consumers from using the service: Section 33(2) states that ‘the costs of the proceedings shall be borne by the party against whom a resolution was reached’. This suggests that consumers could be liable for the full costs of a case which they failed to win.

## 3 Independent Sector

### 3.1 National Association for Consumer Protection

Országos Fogyasztóvédelmi Egyesület (OFE) – National Association for Consumer Protection in Hungary (NACPH) – was reborn in 1991 as the successor to the National Consumer Council (FOT) (established in 1982, and thus one of Central Europe’s earliest consumer organisations). NACPH is a voluntary, not-for-profit, public service organisation that acts both as a federation of local consumer unions and as a national pressure group.

In 1992, the government withdrew the financial support which they had been providing since NACPH’s foundation. Under a new system, all non-government organisations had to apply for grants to a

special parliamentary committee. Since consumer protection was not considered a priority, this caused a severe cut-back in the association's activities.

In 1993, the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV), brought about a revival by funding a two-year project to set up advice offices for consumers in Hungary. NACPH was able to staff a Head Office in Budapest and two advice centres in Budapest and Pecs: 21 additional advice centres were run on a voluntary basis. Funding for this project ceased in November 1995, but the government expressed its readiness to continue support to NACPH and the advice centres.

This was put into effect only in August 1998, after the introduction of the *Act on Consumer Protection*, which prescribed in Section 45(3) that:

'the state, every year in the *Act on the Budget*, shall provide subsidies for the non-government organisations representing consumer interests'.

In the interim, in 1996-97, the government contributed to a project carried out by NACPH with AgV for the development of a consumer information system.

With the help of various successful funding applications, NACPH has been further professionalising and expanding its activities. A consumer education project for schools, with a teacher's handbook, has been completed: and a market-monitoring system to catch misleading advertisements and price offers has been set up. NACPH has published a bi-monthly consumer newsletter since 1995. Its consumer library/information and legal databases *OFETEKKA* and *FAB* are in use in 34 establishments in Hungary, and are invaluable sources of information for the consumer advice network and the regional groups. *OFETEKKA* is updated monthly, and includes data on various foodstuffs such as wheat, meat, poultry, dairy products, fruit and vegetables; and on energy consumption of consumer durable products such as washing machines, freezers and refrigerators, and cooking and baking appliances.

*FAB* is an all-purpose legal information system covering both general problems in the field of consumer rights and protection and important court judgements on specific consumer issues.

The President is Ivan Szabo (from December 1999).

The Executive President is Istvan Garai.

**Address:** National Association for Consumer Protection (NACPH),  
Balaton u. 27.I. em,  
H-1055 Budapest, Hungary

**Tel:** + 36 1 311 70 30  
+ 36 1 111 18 30

**Fax:** + 36 1 331 73 86

**E-mail:** ofebp@mail.mata.hu

### 3.2 Membership

Membership comprises regional organisations in almost all the counties and major cities of Hungary, and approximately 750 individual members, of which about 700 belong to the regional and local groups. No charge is made for membership, but both corporate and individual members contribute extensively to the Association by working as volunteers – as experts, consumer advisers, organisers of consumer meetings, etc. The number of people giving their time and expertise in this way is estimated at around 3,000.

### 3.3 Staff

Before the start of the AgV project, NACPH had only three paid members of staff (one of them part-time), financed by the parliamentary committee for non-government organisations referred to in 3.1 above.

From December 1993, the Association had a paid staff of two at Head Office and two in each of the regional offices/advice centres in Budapest and Pecs. After the AgV project came to an end, paid staff had to be cut back to two full-time and four part-time. However, the advent of state financial support in August 1998 enabled NACPH to increase the staff to six full-time and three part-time, with 25

part-time advisers in the advice centres throughout the country. As the number of advice centres expands, so will the advisory staff (36 in 1999, plus the nine in head office), funds permitting.

### 3.4 Finance

Precise financial information is confidential. But the general picture is that some funding has been obtained from the Hungarian parliament in each of the years since 1992 under the programme of financial support for non-government organisations.

Under the provisions of the *Act on Consumer Protection Act*, NACPH has now been able to obtain additional annual funds which may be used for core expenditure such as rent and staff salaries.

A third source of government funding is also available from 1999 onwards. The Government Decree setting out the powers of the General Inspectorate of Consumer Protection provides for 30% of the money raised from trade penalties to be used for the support of non-government consumer organisations active in the consumer field.

Particular research, education and campaigning projects have also been funded through grants from various Hungarian and overseas foundations.

### 3.5 Principal Activities and Priorities

The main priorities of NACPH are:

- consolidating and extending the network of regional and local consumer advice centres
- updating and expanding the *OFETEKÁ* information system for advice and information services to consumers, local consumer organisations and advice centres
- research and campaigning on services (including financial, public utilities)
- collecting information about, and representing, consumer interests in the law making and arbitration processes
- developing consumer education programmes.

### 3.6 Other Hungarian Consumer Organisations

NACPH is the most widely respected independent organisation representing the consumer interest in Hungary nationally and locally. Of the smaller organisations now operating in the field three are worth a brief mention:

- **INDRA** (the National Society for Protecting the Interests of Insured People) was founded in 1993 with 55 members, to give people practical help and support in their battles with insurance companies, whose economic and professional power was all too capable of denying valid claims.

There is an annual membership fee of HUF 1,000 (5.5 Euros). The membership has now risen to around 1,000 across the whole country. Motor insurance claims and household theft are the main problem areas. The Society tries to resolve disputes by diplomacy because of the cost and time involved in bringing cases to court. The President, Dr. Gyorgy Pinter, is an insurance expert who both advises and campaigns for improvements in the legislation.

INDRA is based on the offices of NACPH (for address, see 3.1 above):

**Tel:** + 36 1 311 7030; **Fax:** + 36 1 331 7386).

- The Consumer Protector and Consumer Union Foundation was set up in March 1997 by a group of young people. Their plan was to create a forum on the Internet where consumers could vent their dissatisfaction with goods and services and get both mutual support and help from specialists, trade and industry, in resolving them.

The Foundation operates from the offices of a press cuttings agency. All its activists are volunteers, and its funds come entirely from personal donations. The President is Prof. Boris Szegal. **Tel:** + 36 1 322 4609.

- In January 1998, NACPH's member group in the city of Szekesfehervar broke away to form its own Consumer Association. This was not as an act of rebellion, but in order to qualify for municipal funding, since branches of a national non-government organisation are not

entitled to apply for separate grants if the central organisation is already funded.

The Association, which retains close links with NACPH as well as collaborating with the municipality, is involved primarily in raising consumer awareness and in information, complaints-handling and advisory work.

In addition to these small groups of activists, there is an established consumer magazine, *TESZT*, founded in 1992 by a former Council Member of NACPH, Matyas Vince, and published monthly. It is backed by a separate public organisation, the Foundation for the Objective Information of Consumers, set up in 1992 jointly by NACPH and a commercial publisher, Gazdasagi Media Kft, to ensure its financial viability. The magazine is now owned jointly by the publisher and the Foundation (which has no staff). The President of the Foundation is currently Dr. Gabor Huszay, Director General of the General Inspectorate of Consumer Protection (formerly Managing Director of KERMI).

*TESZT* is modelled on western comparative testing magazines, but, in contrast to the principles on which those magazines are based, is partially financed by advertising. It has a circulation of 25,000, of which 10,000 subscribe. It allows NACPH a page per month for information about its work.

*TESZT* was given initial grants in its first two years equivalent to approximately 200,000 Euros by the Ministry of Finance, reducing by 1998 (through the effects of inflation) to 53,000 Euros. It also receives a grant from the General Inspectorate equivalent to some 67,000 Euros. The remainder of its income (approximately 73%) comes from advertisements and sales.

Although strictly not a consumer organisation, KERMI has a long and honourable history in consumer protection through its work as a quality control and standards organisation. KERMI now operates as an independent national and international quality testing institution, earning its living by prototype testing, mandatory certification of products, technical testing and research in many fields, experimental development work, forensic work, counselling and education.

The Executive Director of KERMI Testing and Quality Control Ltd. is Janos Peterfi.

**Tel:** + 36 1 210 9445 **Fax:** + 36 1 314 3820

**E-mail:** kermi@mail.mata.v.hu

# Latvia

## 1 Summary

**The Latvian *Consumer Protection Act* and the system of consumer protection which the Republic is aiming to set up as part of its harmonisation programme with European Union legislation are far-reaching in their scope and ambition by comparison with those of many of the countries of Central and Eastern Europe.**

However, the burden of implementing them has so far fallen heavily on the shoulders of the government sector, with little formal recognition of the role of independent consumer organisations. Under the 1992 *Consumer Protection Act*, independent consumer organisations were given entitlements that went beyond the ambitions of many long-established consumer organisations in other parts of the world. However, in practice the government has not been able to spare the money to allow the small, struggling, Consumer Clubs in Latvia to exercise these rights.

The rights are omitted from the new *Consumer Protection Act* which came into force in March 1999 since they are apparently included in the general law on non-government organisations. More importantly, the three specific rights accorded to consumer organisations under the new *Consumer Protection Act* do not include any entitlement to financial support. Nor does the Act ascribe to them any primary role in consumer protection other than handling complaints and representing consumer interests in court - functions which are shared with the government's main enforcement agency, the Consumer Rights Protection Centre. Moreover, the Centre's functions under the By-laws introduced on July 20, 1999 now include the

responsibility for market assessments and for providing consumers with comparative information on goods and services.

So, far from encouraging the development of the independent sector, the new legislation would seem to underline the government's desire to provide a full service of consumer protection out of its own resources.

The independent movement in Latvia has had a long gestation. It was not until March 1999, nine years after the foundation of the first Consumer Club in Riga, that a national federation was formed - and this was made possible only by a modest one-year grant from the Nordic Council. Up till that time there had been only five separate Clubs and two Landlord and Tenants Associations, two in Riga and five in provincial cities, with small memberships of devoted, unpaid activists and no financial resources of their own.

A project is now under way with the help of the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV), to establish a consumer advice centre in Riga which it is hoped will be developed later into a regional network. The pilot project is funded under the Phare Consumer Institutions and Consumer Policy Programme. However, there may be a problem in financing the expansion of the service, or even the longer-term future of the pilot centre, since the new *Consumer Protection Act* seems to give the task of providing consumer advice to the Consumer Rights Protection Centre.

In the meantime, the Clubs are operating as complaints-handling and campaigning agencies, carrying out small investigative

studies, representing consumers on consultative bodies and working with the government institutions on education and information programmes. There is much goodwill and practical co-operation between the government sector and the voluntary organisations.

## 2 Public Sector

### 2.1 Legal Framework

A new general Law *On the Protection of Consumer Rights* was adopted by Parliament on 18 March 1999, replacing the Consumer Protection Act of October 1992 and taking a major step towards harmonising Latvian legislation with the EU *Acquis*. As well as setting out in broad terms a framework of basic consumer rights and remedies, the new law includes sections on unfair contract terms, doorstep selling, time-share, distance selling and consumer credit. More detailed regulations will be introduced later as needed in most of these areas.

The re-enactment of the *Civil Law* of 1937, with some amendments, was an important step in the regulation of property rights, contracts and civil obligations, and thus in the protection of citizens' civil rights. Division 4 of the Civil Law (Articles 1400 - 2400) sets out in detail the obligations arising from contracts and torts.

The Law *On the Safety of Products, Services and Liability of Producers and Service Suppliers* was adopted on September 26, 1996. This Act covers not only products and services, but also damage to property and the environment. It is currently being revised to bring it full into line with EU Directives, and will probably be split into two parts.

Regulations *On the Conformity Assessment of Foodstuffs, Cosmetics and Toys* were accepted by the Cabinet of Ministers on December 2, 1997, superseding the regulations on mandatory certification of food products, perfumery, cosmetics and toys of April 12 1994. The new regulations stipulate that foodstuffs, cosmetics and toys are subject to state regulation, and define conformity assessment procedures

for these products. Further amendments to these regulations are likely in the near future.

A new Law *On Competition* (June 18, 1997, in force since January 1998) has replaced the 1991 law on competition and restriction of monopolies.

A new Law *On the Surveillance of Food Circulation* (in force since March 28, 1998) implements EU Directives dealing with food hygiene and control at the official level. It replaces a 1994 law on the same subject.

The Cabinet of Ministers has introduced regulations in a number of particular areas, such as goods coming into contact with foodstuffs, aromatisators, hygiene of fishery products and of food enterprises, solvents for use in food production, veterinary requirements in abattoirs and control of radioactive contamination.

New regulations approved by the Cabinet of Ministers also include:

- *On the Labelling of Foodstuffs* (in force since July 1, 1998)
- *On the Safety of Cleaning Agents and Detergents* (May 5, 1998)
- *On the Safety of Cosmetics* (in force since September 1, 1998)
- *On the Labelling of Textiles* (in force since January 1, 1999)
- *Order of Consumer Complaints Handling in cases when goods or services of unsuitable quality are obtained, and Order of Expertise of Goods* (in force since August 27, 1999)
- *Consumer Credit Regulations* (in force since September 1, 1999)
- *On the labelling of footwear* (in force since January 1, 2000)
- *Order of Price Indication for Goods and Services* (in force since January 1, 2000)

These will be followed shortly by regulations on distance selling, doorstep sales and time-share.

A draft bill *On Advertising*, implementing EU Directives on misleading and comparative advertising was submitted to the Cabinet of

Ministers at the end of 1998, and is now under discussion.

The legislative programme drawn up by the Consumer Division of the Ministry of Economy to meet the requirements of the *Acquis Communautaire* is intended to be complete by the end of 2001.

## 2.2 Responsibility for Consumer Policy and Affairs

The primary responsibility for consumer affairs lies with the Ministry of Economy - in particular with the Department of Quality Management and Structure Development, created in March 1995. This Department includes the Division of Consumer Rights Protection.

In March 1998, the Cabinet of Ministers set up the Consumer Rights Protection Centre as the main agency charged with enforcing consumer legislation. Its Statute specifies that its function is to oversee observance of consumer rights and traders' obligations in trade and services - excluding a number of areas, such as food, veterinary standards, pharmacy, etc. which are supervised by other institutions. The Centre, which has been functioning since the beginning of May 1998, is under the jurisdiction of the Ministry of Economy. New By-laws extending the functions and rights of the Centre, based on the provisions of the 1999 *Consumer Protection Act*, were introduced on July 20, 1999.

The remaining areas of enforcement are covered by the State Sanitary Inspection, created by the Cabinet of Ministers in July 1997, and accountable to the Ministry of Welfare. Its main responsibilities are to control and supervise observance of all mandatory standards, safety of health and hygiene in food distribution and the sale of household chemicals. It began work in October 1997.

The State Pharmacy Inspection and the State Veterinary Service is also involved in specific areas of consumer protection within their jurisdiction.

The relevant Secretary of State at the Ministry of Economy is Kaspars Gerhard.

### Address:

Ministry of Economy,  
55 Brivibas Street,  
LV-1519, Riga, Latvia

**Tel:** + 371 7 013 105

**Fax:** + 371 7 280 882

Deputy State Secretary is Lilija Stelpe.

Director of the Department of Quality Management and Structure Development is Anrijs Matiss.

**Tel:** + 371 7 013 145

**Fax:** + 371 7 280 882

E-mail: StelpeL@lem.gov.lv

The Director of the Consumer Rights Protection Centre is Karlis Freimanis.

### Address:

Consumer Rights Protection Centre,  
41/43, Elizabetes Street,  
LV-1010, Riga, Latvia

**Tel:** + 371 7 220 151

**Fax:** + 371 7 338 024

The Deputy Director is Mara Zogota.

**Tel:** + 371 7 287 730

**Fax:** + 371 7 338 024

E-mail: tpkc@apollo.lv

The Director of the State Sanitary Inspection is Egils Harasimjuks,

### Address:

State Sanitary Inspection,  
Kuiu Street 26,  
LV-1048, Riga, Latvia

**Tel/Fax:** + 371 7 613 040

## 2.3 Staff and Budget

The Division of Consumer Rights Protection within the Department of Quality Management and Structure Development in the Ministry of Economy has a staff of four with no separate budget.

The Consumer Rights Protection Centre has a

staff of 28; and the State Sanitary Inspection a staff of 180.

## 2.4 Functions

The main tasks of the Division of Consumer Rights Protection within the Ministry of Economy are:

- to develop consumer protection policy
- to co-ordinate activities in the area of consumer protection
- to draw up, co-ordinate and carry out a Programme on the Protection of Consumers' Rights
- to take part in the development of the National Programmes on Quality Assurance and Market Surveillance
- to provide information for Latvian consumer organisations and enterprises
- to draw up new legislation dealing with consumer rights and interests, and to assess legal proposals from other institutions from the consumer viewpoint
- to organise conferences, seminars and training courses
- to co-ordinate the setting up and operation of a control system to ensure the safety of consumer products and services.

The main responsibilities of the Consumer Rights Protection Centre are:

- to monitor and control the activities of trade and service enterprises
- to monitor and control advertising (but only when the Advertising Bill has become law)
- to stop entrepreneurs and traders from violating consumer rights or disregarding their obligations under consumer law
- to investigate the market in goods and services, and to provide consumers with comparative information on goods and services
- to review consumer complaints and give advice to consumers
- to inform producers, sellers and providers of services about their obligations, rights and responsibilities to consumers
- to consider proposals from the public in the area of trade, services and consumer protection
- to help to resolve disputes between traders, service providers and consumers

- to draw up proposals for standards in the area of trade, services and consumer protection
- to represent consumer interests in technical standardisation committees
- to publish regular information in the mass media on its activities.

The officials of the Centre have the right:

- to inspect trade and service enterprises to ensure that they are complying with the requirements of consumer law with regard to matters such as declaration of product origin, truth and accuracy of information given about products and services, accuracy of weights and measures, etc.
- to prohibit the publication of false or misleading advertisements (in due course)
- to verify documentation on the quality of goods and services to ensure that products in breach of regulations do not reach the market
- to take samples of goods within their jurisdiction and have them tested: and to suspend their sale or distribution until test results are known
- to remove from sale or production goods and services which have been found in tests to be unsafe or in breach of required standards
- to impose administrative penalties.

The State Sanitary Inspection has similar responsibilities and rights in the areas of health (including prevention of epidemics), hygiene, food safety and household chemicals.

## 2.5 Enforcement

Enforcement of consumer legislation and government regulations is divided between the Consumer Rights Protection Centre, the State Sanitary Inspection, the State Pharmacy Inspection and State Veterinary Service as explained in 2.2 and 2.4 above.

## 2.6 Principal Programmes and Priorities

The main thrust of the consumer policy programme in Latvia currently is:

- to draw up, introduce and enforce adequate consumer protection legislation, in broad

- conformity with EU requirements, and according to an agreed timetable
- to ensure the safety of goods and service on offer to the public
- to introduce consumer information and education programmes

There are two parallel programmes in Latvia in which the Consumer Rights Protection Division in the Ministry of Economy is actively involved:

- the National Programme for Quality Assurance (of which the main activities of the Consumer Rights Protection Programme are in fact a sub-programme)
- the Market Surveillance Programme.

### 3 Independent Sector

#### 3.1 General

The 1992 Law *On the Protection of Consumer Rights* defined the role of non-government organisations working in the field of consumer protection, and gave them a remarkable range of rights. These rights, also granted under the law on non-government organisations, entitled them, among other things:

- to determine the quality of food and other products by buying test samples and submitting them to independent testing and assessment
- to participate, in collaboration with inspection agencies, in tests on products and services
- as a result of independent investigation, to inform consumers about products dangerous to health or the environment, and about the quality of goods and services
- to submit proposals for the introduction or improvement of standards, and for raising the quality of goods and services: and to call for the suspension from sale of products which are hazardous to health or the environment
- to pursue makers and sellers of low quality goods by means of submissions to state authorities or the courts

- to organise public opinion polls on the quality and price of goods and services and to publicise the results through the mass media
- to appeal to state authorities in the event of local government decisions which breach the laws on consumer protection
- to give legal help to consumers in taking their complaints to court
- to campaign for the protection of consumer interests
- to review consumer complaints and proposals.

Sadly, the Latvian government has never been able to spare the money to allow the small, struggling consumer Clubs in Latvia to exercise these rights.

The 1999 *Consumer Protection Act* reduces the specific rights of independent consumer organisations to three:

- to help the enforcement authorities with testing to ensure that goods and services comply with required levels of quality
- to handle consumer complaints and suggestions, and help consumers when their rights are violated
- to bring cases to court in order to protect the rights and interests of consumers, and to represent them in court.

There is no suggestion in the new Act that independent organisations are entitled to any financial support from government.

#### 3.2 The Latvian Consumers' Protection Association

In March 1999, ten years after the first Consumer Club was founded in Riga, Consumer Clubs and Societies from all over Latvia united to form the Latvian Consumers' Protection Association.

The founder members are:

- the Club for Protection of Consumer Interests (Riga)
- the Consumer Interests Club PIKS (Riga/Jurmala)
- the Consumer Protection Club of Rezekne
- the Consumer Protection Centre of the Latgale Region
- the Consumer Protection Club of Jelgava
- the Landlord and Tenant Society of Ogre
- the Tenant Society of Liepaja.

The Association is an independent non-government organisation which will work nationally to extend and protect consumer rights in Latvia, as well as to co-ordinate the work of local and regional groups.

The Chairman of the Association is Tekla Jabova, Director of the Consumer Protection Club of Jelgava. The Deputy Chairman is Zinta Kovaleska, Executive Director of the original Riga Club. A Board of seven members supervises its work, which started in earnest in September 1999.

The operating costs of the first year will be covered by a grant from the Nordic Council. Funding for the second and subsequent years is, however, currently unresolved.

The Association operated initially from the office of the Club for the Protection of Consumers' Interests (see 3.3 below for the address and telephone numbers), but hoped to move to new premises in November 1999.

It has set itself the following broad goals:

- to co-ordinate the work of non-government organisations working for the consumer in Latvia
- to educate consumers about their rights and obligations in buying goods, using services and protecting the environment
- to ensure that consumers have the information they need to make rational choices
- to protect the economic interest of consumers
- to protect consumers from damage or danger to health, property or life
- to become actively involved in reviewing consumer complaints, mechanisms for resolving them, and proposals for

improving means of redress

- to publicise instances of unsafe or fake products and of deceptive selling practices.

The Association expects:

- to carry out research and surveys among the public about consumer problems
- to analyse pricing policy in consumer goods and services
- to organise educational seminars, lectures and consultations
- to promote co-operation with consumer organisations abroad
- to carry out any tasks delegated to it by the State.

### 3.3 The Clubs

Until March 1999, voluntary consumer activity was centred on separate consumer clubs and tenants associations – two Clubs in Riga, one in Jelgava, and one in Rezekne; and Landlord and Tenant Societies in Liepaja and Ogre. The Rezekne Club is also closely linked with the Consumer Interests Protection Centre of the Latgale Region, founded in August 1996, with a central office in Rezekne and seven branch-Clubs.

All the Clubs and Societies concentrate on similar activities, and with the exception of one full-time paid member of staff in the original Riga Club, depend entirely on the dedication and enthusiasm of volunteers.

**Pateretaju Interesu Aizsardzibas Klubs** (the Club for the Protection of Consumers' Interests) was founded in Riga in 1990 as a not-for-profit non-government organisation. Its Executive Director, Zinta Kovaleska, was among its founder-members, and has been elected Deputy Chairman of the newly-formed Latvian Consumer Protection Association.

The overall mission of the Club is to improve the quality of goods and services on the market; to help consumers to become aware, well-informed and legally protected; and to develop the independent consumer movement in Latvia.

To fulfil this mission, the Club:

- publishes and distributes information about consumer goods and services
- conducts research studies and surveys about consumer problems
- listens to consumer complaints and suggestions, and helps to resolve them
- educates consumers through TV and radio programmes and press articles education
- takes an active part in developing consumer legislation
- represents the interests of consumers in the Co-ordination Board of the National Quality Assurance Programme, the National Accreditation Council and the Energy Consumers' Committee.

Under the Phare Consumer Institutions and Consumer Policy Programme II, funded by the EU, and with the help of the German consumer organisation Arbeits-gemeinschaft der Verbraucherverbände (AgV), a consumer advice centre has been set up in 1999 in the office of the Club to provide help to consumers by telephone, in person or by E-mail.

The Board of the Riga Consumer Club consists of three elected members.

The Chairman is Imants Palza.

The Executive Director is Zinta Kovalevska.

**Address:** Club for the Protection of Consumers' Interests,  
32 Valnu Iela 414,  
Riga, LV-1050, Latvia

**Tel/Fax:** + 371 7 221 267

**E-mail:** zk@latnet.lv

The Club has 37 individual members. Membership is free. The main source of funds has been contract work on consumer issues.

**Rigas Pateretaju Interesu Klubs** (Consumer Interests Club of Riga "PIKS"), was founded in February 1995 by Silvija Viksnina, who remains its Director. It unites some 140 members from Riga and Jurmala, all volunteers. It is represented on the Energy Consumers' Committee and other institutions.

**E-mail:** zirafe@mailbox.riga.lv

**Rezeknes Pateretaju Interesu Aizsardzibas Klubs** (The Consumer Protection Club of Rezekne) was founded in July 1995 and is the focus of the Consumer Interests Protection Centre of Latgale (which comprises seven Clubs). The President of the Rezekne Club (and founder of the Latgale Regional Centre) is Marija Zeltina. There is an elected Board of five members.

The Club's main objectives are:

- to establish and develop a consumer protection Club network in the region
- to educate consumers on their rights and responsibilities
- to participate in, and influence, the development of consumer legislation

The Club has carried out a number of successful projects, including running a telephone hot-line for two hours each week for consumer problems, claims and ideas. It has also had a twice-monthly spot on *the Consumer and the Law* on the local BIK TV station

The Club has 32 individual members and 130 active volunteer-helpers. The primary source of income is membership fees, which cost 0.4 Lats per year (0.50 Euros).

**The Tenant Society of Liepaja was founded on May 25, 1996.** Its Chairman is Lasma Vaice, and the work is managed by a Board of nine members. Formally, the Society represents the interests of 660 members, but in practice it works for all the town's inhabitants, consumers and tenants alike (about 100,000).

The mission of the Society is to influence housing policy and to improve housing standards, with the aim of achieving policies which are in the interests of society, and standards which at least meet the levels guaranteed by the state.

The Society's work is concentrated on protecting tenants and proprietors of privatised flats. Its task is to mediate between tenants and owners, consumers and service providers, and to initiate dialogues between the parties in dispute.

**E-mail:** lib@anet.lv

**The Consumer Protection Club of Jelgava** was established in October 1996. Its Board includes manufacturers, marketers, pharmacists and teaching staff at the Agricultural University. The Club's work is managed by Tekla Zabova, now also Chairman of the Latvian Consumers' Protection Association.

The Club's activities are focused on helping consumers to be aware of, and to exercise, their rights.

**E-mail:** nvozemg@inta.cs.llu.lv

**The Landlord and Tenant Society of Ogre** was registered on 15 December 1997. The Chairman of the Board is Ilga Vecziedina.

The aim of the Society is to help people to achieve living conditions which are in accord with human rights conventions and the standards of civilised society.

Its practical tasks are to defend the interests of its members – the consumers of heat, gas, water and electricity – in relations with producers and suppliers; and to protect tenants and landlords against unfair rents, rates and leases.

# Lithuania

## 1 Summary

**Lithuania, like Estonia and Latvia, is intent on bringing its legislation into line with that of the European Union (EU). Sound foundations have already been laid: a new version of the *Consumer Protection Act* introduced in 1994 was put to the government in May 1999: a new *Competition Act*, replacing the 1992 Act, came into force in March 1999: and a law on *Product Safety*, passed in June 1999, came into force in January 2000. Further detailed legislation is in draft.**

Up till the present, the State Competition and Consumer Protection Office (CCPO) has had the responsibility for harmonising Lithuanian consumer protection laws and regulations with EU legislation, for promoting consumer policy and interests, and for ensuring that the new laws are effectively enforced. However, the 1999 *Competition Act* introduced the first stage of a new institutional structure which will gradually replace the CCPO. Under the terms of the Act, a Competition Council was created at the end of October 1999 to take over the functions of the CCPO in the areas of competition policy, unfair trade practices, misleading advertising, etc. It is headed by the former Director of the CCPO, Rimantas Stanikunas. For the time being, the Competition Council is retaining the responsibility for consumer policy and enforcement, but this will in due course be transferred to a new National Consumer Protection Council, separate from, but in parallel to, the Competition Council.

Under the Law on *Product Safety*, market surveillance will also be restructured. A new

Food Inspectorate will take over the monitoring of food products. A Non-Food Inspectorate will be responsible for the rest of the market.

Lithuania was the first of the Baltic republics to establish an independent consumers' association: it dates from 1989. The Lithuanian Consumers' Association (Lietuvos Vartotoju Asociacija - LVA) has always been dependent on the energy and enthusiasm of volunteers. With free membership and a constitution which forbids activities intended to generate income, it has had no funds throughout its history until 1999, other than small donations and help in kind, mainly from the trade union movement (the founder-President of the Association is also Vice-Chairman of the Lithuanian Trade Union Centre).

LVA achieved its first major objective with the introduction of the *Consumer Protection Act* in 1994. Since then, it has struggled to maintain its momentum. Initiatives following the launch of the second Phare Consumer Institutions and Consumer Policy Programme in 1998 attempted to stimulate the development of non-government consumer groups in Lithuania with, so far, modest success. The government is now directing its support towards the establishment of groups in regional centres, and in particular towards the provision of consumer advice at the local level. A grant from the Nordic Council of approximately 20,000 Euros enabled two advice centres to open in May 1999, one in Vilnius and one in Klaipeda, where there is an active consumer group led by Alvita Armanaviciene who is intent on expanding its activity. These groups operate independently, but are affiliated to LCA.

## 2 Public Sector

### 2.1 Legal Framework

Under the Association Agreement signed in June 1995 between Lithuania and the EU, Lithuania is committed to harmonising its consumer legislation with that of the EU.

A general *Consumer Protection Act* became law in November 1994. This should shortly be replaced by an expanded version, which was submitted to the government for consideration in May 1999. The new Bill includes provisions dealing with Unfair Terms in Consumer Contracts, Contracts Negotiated away from Business Premises, Distance Selling, Time-Share and Consumer Credit.

A new *Law on Competition* came into force in March 1999, replacing the 1992 Competition Act.

A new *Law on Product Safety* was passed by the Lithuanian Seimas (parliament) in June 1999, and came into force in January 2000.

A *Law on Prices* dates from July 1990.

A *Law on Tourism* was adopted on 30 July 1998.

Draft Bills on *Advertising* and *Food* are being considered by the government as part of the harmonisation programme.

### 2.2 Responsibility for Consumer Policy and Affairs

Responsibility for consumer policy and protection was, until recently, centred on one state authority, the State Competition and Consumer Protection Office. However, under the new legislation, the Competition and Consumer Protection functions are being split between two new Councils, the Competition Council – which was set up in October 1999 under the *Competition Act* – and the National Consumer Protection Council, which has yet to be established. Until this Council is set up, the responsibility for consumer protection, policy and protection will remain with the Competition Council.

The Chairman is Dr. Rimantas Stanikunas.

The Member of Council is Dr Danguole Klimauskiene.

**Address:** Competition Council of the Republic of Lithuania,  
Vienuolio 8,  
2600 Vilnius, Lithuania

**Tel:** + 3702 31 24 38

**Fax:** + 3702 22 64 92

The Chief of Administration is Dr. Gendrikas Stukas.

**Tel:** + 3702 61 31 57

**Fax:** + 3702 22 64 92

**E-mail:** gend@konkuren.lt

The Head of the Unfair Competition Division is Dr. Vladas Rimkus.

**Tel:** + 3702 62 95 78

**E-mail:** rimkus@konkuren.lt

### 2.3 Staff and Budget

The Consumer Protection Division within the Competition and Consumer Protection Office had, in 1999, a staff of five and an annual budget equivalent to 29,000 Euros. These arrangements will change under the new organisational structure.

### 2.4 Functions

The principal functions of the Consumer Protection Division, which will in time pass to the National Consumer Protection Council, are:

- to control whether sellers and manufacturers of goods and services comply with the Act and other relevant regulations
- to apply sanctions within their powers against violators, or to submit appropriate proposals to the government
- to advise consumers on all issues concerning their rights
- to organise the development of the culture of consumption, and to issue specialised publications

- to investigate the complaints of consumers concerning infringements of their rights.

## 2.5 Enforcement

Up till now enforcement of the provisions of the *Consumer Protection Act* have been carried out nationally and regionally by the Lithuanian State Quality Inspectorate under the State Competition and Consumer Protection Office, as laid down by Government Decision on May 4 1995.

The Inspectorate carries out controls on the quality of goods and services, and is also involved in handling and following up consumer complaints.

Under new legislation, responsibility for enforcement will shortly be transferred to two new agencies, a Food Inspectorate and a Non-Food Inspectorate (see 1 above).

## 2.6 Principal Programmes and Priorities

Among the priorities in the field of consumer protection are:

- extending the framework of effective consumer protection laws – in particular, revising the *Consumer Protection Act*, and introducing new laws on product safety, liability for defective products and services, advertising and food
- consumer education - in particular, publishing bulletins for consumers and articles in the press.

## 3 Independent Sector

### 3.1 Lithuanian Consumers' Association

Lietuvos Vartotoju Asociacija – the Lithuanian Consumers' Association (LVA) – was founded on November 25, 1989, at the first Conference to bring together the consumer groups which had been active since the previous year. It is a voluntary, independent, organisation whose purpose is to defend the rights of the citizens of Lithuania as consumers of goods and services, and to protect their economic and

social interests, and is an Affiliate Member of Consumers International.

Up till 1999 LVA has been severely hampered by its lack of finance: it has had no state funding and its constitution forbids it to engage in activities which would generate income. In May 1999, however, a one-year grant of approximately 20,000 Euros has enabled it to open consumer advice centres in Vilnius and Klaipeda.

Its President (since 1989) is Algirdas Kvedaravicius (also Vice-Chairman of the Lithuanian Trade Union Centre).

Other prominent Board members include Arvydas Pajuodis and Antanas Grenda.

**Address:** Lithuanian Consumers' Association,  
29a Basanaviciaus Street,  
2600 Vilnius,  
Lithuania

**Tel:** + 3702 61 48 88

**Fax:** + 3702 22 61 06

The Board numbers 37 in all, including 13 regional representatives and 17 specialists.

The Vilnius and Klaipeda Information Centres operate independently of LCA but are affiliated to it. The Klaipeda group, founded by Alvita Armanaciene in 1998, is particularly active and plans to expand its work over the next year.

Its Director is Alvita Armanaciene.

**Address:** Klaipeda District Consumer Information Centre,  
H. Manto 12,  
Klaipeda, LT-5800,  
Lithuania

**Tel:** + 370 6 311088

**Fax:** + 370 6 215400

**E-mail:** alvita@takas.lt

### 3.2 Membership

Membership is on an individual basis (there are no corporate members), and is free.

Members consist of local activists involved in representational work, who are provided with a signed membership card. No records are kept of the total number of members.

### 3.3 Staff

In 1999, for the first time in several years, the Association has some paid staff members – three consumer advisers (in the two centres in Vilnius and Klaipeda) and two finance staff. For the rest of its work, LVA is dependent on volunteers.

### 3.4 Finance

The constitution of the Association does not permit any activities that would generate income. It could charge a membership fee, but chooses not to do so. In order to provide services that would earn money for other activities, a separate organisation would need to be established. The Lithuanian government has never been in a position to be able to provide funds for LVA, and the State Competition and Consumer Protection Office has neither the right nor the ability to offer material help to the Association.

Its present constitution and policy, therefore, virtually rule out the possibility of achieving financial independence. From 1995 to 1998 LVA received no money at all. In 1999, the Nordic Council, as part of its policy of offering tangible support to the consumer organisations of the Baltic countries, gave the Association a one-time grant of approximately 20,000 Euros which they are using to embark on the creation of a consumer advice system.

Regional branches are entirely dependent on the generosity of local authorities, trades unions or other bodies for space and resources.

### 3.5 Principal Current Activities and Priorities

The main priority is to extend and maintain the network of consumer advice centres in the cities and regions of Lithuania. (This depends on funding being available after the Nordic Council grant runs out.) Voluntary efforts are concentrated on representation and training

(primarily for consumer leaders). Given further funding, the priorities would be:

- information and education – in particular, publishing an information bulletin for Lithuanian consumers
- translation into Lithuanian of consumer policy documents from overseas countries.

# Macedonia

## 1 Summary

**Consumer affairs in Macedonia, as elsewhere in former Yugoslavia, have a long history. As early as 1960, Household Development Offices (equivalent to institutes of home economics) were set up in each of the republics in order to inform and educate consumers, to provide services to ministries and to carry out product testing on behalf of industry and the government. The Macedonian Household Development Office has included in its activities since 1980 a Consumers and Services Users Centre, which has looked into the prices and quality of goods and services.**

Post-independence, this Centre became heavily involved in testing emergency food supplies provided by the European Union (EU), which were often found to be past their 'use-by' date or of poor quality. However, in October 1996, a group of activists who had been working on these issues decided to set up a separate, wholly independent, Consumers' Organisation of Macedonia. The main purpose of this was to expand the horizons of the consumer movement and to be eligible to apply for development funding which could not be granted to a semi-government organisation. The founder-President of the Organisation, formerly Co-ordinator of the Centre, is Marijana Loncar Velkova.

The major thrust of the Organisation's subsequent development has been in the creation of an advice centre network, a four-year project supported by the German

consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV) and the German government. The first Advisory Bureau opened in Skopje in 1998; two more Bureaux have opened subsequently and a fourth will join the network shortly.

Advisory work is part of a general programme of campaigning, lobbying, and the provision of information. The organisation has a membership of 3,000 and publishes a regular Bulletin *Potrosuvac (Consumer)* along with leaflets on subjects such as consumer rights, nutrition and housing.

On the public front, Macedonia is preparing a consumer protection package designed to bring its legislation into line with that of the EU. A general consumer protection law is expected to come into effect in 2000, along with two laws dealing with different aspects of competition policy, which are currently in draft. These will join existing measures that include elements of consumer protection, such as product safety and warranties, product liability and provision for compensation, etc.

Little detail is available on the government's plans and priorities in consumer protection, but the general picture is that, since May 1999, the responsibility for consumer protection, and for the development of policy and legislation in that area, has been held by the Ministry of Trade. The draft consumer protection law envisages the creation of a consumer department within the Ministry. The Market Inspectorate, also within the jurisdiction of the Ministry of Trade, is likely

to be designated as the authority charged with implementation of consumer legislation.

Relations between the Ministry and the Consumers' Organisation are constructive and collaborative, and one of the declared priorities of the Ministry is to promote and support the development of the non-government organisation.

## 2 Public Sector

### 2.1 Legal Framework

Three major pieces of consumer protection legislation are in preparation, as part of a general programme of legal reforms planned to bring Macedonian law into line with that of the EU.

- a *general law on Restraint of Competition*
- a *law on Unfair Competition*
- a *general law on Consumer Protection*.  
This has been drafted with the help of experts from the Centre de Droit de la Consommation in Louvain-la-Neuve, Belgium and the Consumers' Organisation of Macedonia.

The government is currently considering the *Consumer Protection Law*, which is expected to come into force during 2000.

Other aspects of consumer protection are at present covered through:

- the *Trade Law* (which is regarded by the Consumers' Organisation of Macedonia as having important provisions for the protection of consumers as users of goods and services)
- the *Law on Obligations* (which includes protection of the rights of citizens as buyers and users of services: prohibition of monopolies: provision for resolving disputes: product liability and provision for compensation: obligations of contracting parties: and many areas of particular liability, such as insurance, banking, tourist services, etc.)

- *Standardisation Law* (which deals with product safety, servicing and spares and warranties, as well as product quality, certification etc.)
- the *Law on Catering and Tourism*
- the *Law on the Promotion and Protection of the Environment*
- the *Criminal Code*
- the *Property Law* (which gives fundamental Constitutional rights to property owners)
- the *Law on Copyright*.

### 2.2 Responsibility for Consumer Policy and Affairs

After the election of a new government in May 1999, the responsibility for consumer protection in the Republic of Macedonia, and in particular for the enactment of the three laws listed at the beginning of 2.1, was transferred from the Ministry of the Economy to the Ministry of Trade. The creation of a consumer protection department within the Ministry of Trade is envisaged in the draft *Consumer Protection Law*.

The Market Inspectorate is under the jurisdiction of the Ministry of Trade.

Other ministries and government agencies holding responsibility for various aspects of consumer policy include:

- Ministry of Economy (tourism and catering, industry and the supply of energy)
- Ministry of Labour and Social Policy
- Ministry of Development
- Ministry of Health
- Sanitary Inspectorate
- Health Institute
- Ministry of Environment
- Environment Inspectorate
- Veterinary Institute
- Veterinary Inspectorate.

The Minister of Trade is Dr. Milijana Danevska.

**Address:** Ministry of Trade,  
Jurij Gagarin br. 15,  
91000 Skopje,  
Macedonia

**Tel:** + 389 91 384 901

**Fax:** + 389 91 384 902

Contact person: Jani Bogoevski.

**Tel:** + 389 91 393 434

**E-mail:** [trgovija@mpt.com.mk](mailto:trgovija@mpt.com.mk)

## 2.3 Staff and Budget

As the consumer department in the Ministry of Trade has not yet been established, there is no information on staff and budget.

## 2.4 Functions

The primary concern of the Ministry of Trade in the current situation is to ensure the passage of the *Consumer Protection Law*.

The functions of the Ministry in the consumer context are based on two underlying objectives:

- economically, to protect the interests of consumers in the market-place for goods and services
- socially, to strengthen competition and to increase transparency in the relations between producers, distributors and consumers.

## 2.5 Enforcement

Under the 1995 *Trade Law*, control of the market is exercised by the Market Inspectorate, the Environmental Protection Inspectorate, the Sanitation Inspectorate and the Veterinary Inspectorate.

It is envisaged that the Market Inspectorate, under the jurisdiction of the Ministry of Trade, will be the authority designated to implement the consumer protection law when it comes

into force; but that it will exercise this authority centrally rather than through local and regional offices. Enforcement of consumer laws will thus be carried out through an adaptation of the present system rather than by the creation of new machinery.

## 2.6 Principal Programmes and Priorities

The main priorities for the Ministry of Trade emerging from the enactment of the Consumer Protection Bill are likely to be:

- ensuring that the basic rights and interests of consumers are protected
- promoting good business behaviour, conscientiousness and honesty in the market place
- ensuring the safety of goods and services
- developing initiatives in consumer education, complaints-handling and compensation
- making it easier for consumers to exercise their rights
- promoting and supporting the development of the non-government consumer organisation.

## 3 Independent Sector

### 3.1 The Consumers Organisation of Macedonia

The history of the consumer movement in Macedonia goes back to 1960. At that time, Household Development Offices (often called 'Domus') were set up in each of the republics of Yugoslavia as 'organisations of public interest' (in effect, quasi-autonomous non-governmental organisations). Their objective was to strengthen citizens' interests in schools, households and society in general. They provided services to ministries for a fee, and carried out product testing for the government and industry. Their job was also to inform and educate consumers via research, analysis, publications and publicity.

The Macedonian Household Development Office has three departments: a nutrition section; a department for projects and planning; and, since 1980, a Consumers and Services Users Centre which has carried out price comparisons and some research into

products and services. After the break-up of Yugoslavia and the imposition of sanctions on Serbia, Macedonia became heavily dependent on foreign food aid. The Centre tested EU food aid and found much of it to be either of low quality or past its 'use-by' date.

In order to ensure total independence and to be able to apply for funds which would not be accessible to a semi-government organisation, twelve consumer activists set up a separate Consumers' Organisation of Macedonia (COM) in October 1996. Marijana Loncar Velkova, formerly Co-ordinator of the Consumer Centre, is the founder-President.

The Household Development Office and the Consumers' Organisation are seen as complementary and collaborative organisations. The Household Development Office is concentrating on improving nutrition standards in infant care centres, hospitals and schools, and on developing building standards (particularly for homes for the elderly, infant schools, etc.). The Consumers' Organisation is developing advice and information services for consumers, and is actively involved in campaigning, lobbying and consumer policy work.

It is currently working with the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV) on a four-year development programme, funded by the German government, which includes the setting up of an advice centre network. After a study tour in Germany in 1998, COM opened its first Consumer Advisory Bureau in Skopje, and is continuing to expand its membership and public impact through new branches, media coverage and information bulletins.

It currently has a network of Bureaux in Skopje, Bitola and Stip, and will shortly open a Bureau in Ohrid. Its membership has grown to 3,000. Publications include a regular *Bulletin Potrosuvac* (Consumer) and information leaflets on legislation, nutrition and housing.

The President of the Consumers' Organisation of Macedonia is Marijana Loncar Velkova.

Epaminonda Glavinac is Legal Adviser in the central office.

Tatiana Tasevska is Adviser in the Skopje Advisory Bureau.

**Address:** Consumers' Organisation of Macedonia,  
Ul. Vodnjanska bb,  
91000 Skopje,  
The Republic of Macedonia

**Tel:** + 389 91 113 265  
+ 389 91 212 440

**Fax:** + 389 91 113 265

**E-mail:** marlon@soros.org.mk

The Head of the Household Development Office, and the Co-ordinator of the Consumers and Services Users Centre is Marija Gramosli.

**Address:** Household Development Office, PO Box,  
Ul. Vodnjanska bb,  
91000 Skopje,  
Republic of Macedonia.

**Tel:** + 389 91 224 477  
+ 389 91 228 061

**Fax:** + 389 91 229 066

### 3.2 Membership

The Consumers' Organisation has more than 3,000 members. Membership is currently free, though the introduction of a subscription charge is under discussion. There are six branch offices, together with four Consumer Advisory Bureaux.

### 3.3 Staff

Since 1999, the Consumers' Organisation has had a paid staff of four. In addition, approximately 30 active volunteers are involved in the work of COM nationally and regionally.

### 3.4 Finance

COM's sole sources of funds at present are foreign aid programmes – the German government, USAID, the SOROS Foundation, World Bank, the Phare – Consumer Institutions and Consumer Policy Programme, and the PHARE – Lien Programme.

The Macedonian government has provided practical help in the form of office space for COM's Head Office and Advice Bureau in Skopje. Local authorities have also provided space for the Advice Bureaux in Bitola, Stip and Ohrid.

### 3.5 **Principal Current Activities and Priorities**

The Consumers' Organisation's main priorities and activities for the next year are:

- strengthening the network of branches and Advice Bureaux
- developing membership of COM throughout Macedonia, with the aim of creating a national movement
- lobbying the government to extend consumer protection legislation in a variety of areas
- developing collaboration with local authorities
- publishing general information for consumers on their legal rights, and specific information on nutrition, housing, energy and patients' rights
- continuing with the publishing of Potrusovac.



# Poland

## 1 Summary

**Spurred by the European Commission's (EC) White Paper – guidance to the countries of Central and Eastern Europe which have signed Association Agreements with the European Union (EU) on preparing for integration into the internal market of the Union – Poland has been accelerating the process of harmonising its consumer laws and regulations with those of the EU since 1996.**

In August of that year, the Anti-Monopoly Office, which up till then had concentrated on competition policy, was transformed into the Office for Competition and Consumer Protection (OCCP) and in October 1996, was given full powers for creating and implementing government consumer policy. At the same time, the State Trade Inspection, now called simply Trade Inspection, was put under the wing of OCCP, thus concentrating policy-making and enforcement in one sector of government. OCCP also has the responsibility for inter-ministerial co-ordination of policy and enforcement over the whole field of consumer protection.

In 1998, the Office drew up a document entitled *Government Programme of Consumer Policy for the years 1998-2000*, which was approved by the Council of Ministers in September 1998, and has formed the basis of the subsequent legislative programme. The idea of a general *Consumer Protection Law*, which had been under discussion for many years, was dropped altogether, and replaced by a substantial package of individual or composite Bills which will encompass virtually all, if not all, of the current EC consumer directives. These laws, backed

by the necessary regulations, will start to come into force in March 2000.

Poland stands out from other countries in Central and Eastern Europe in the steps it has taken, and is continuing to take, to make access to justice easier for consumers. Courts of Conciliation within the jurisdiction of the Trade Inspection have been in existence for some years. There are now 35 of these Courts, whose function is to resolve consumer disputes, in various parts of the country.

This system was extended in January 2000 by the introduction in regional courts of special penal and civil departments to deal with smaller offences and cases where no more than 5,000 PLN (1,220 Euros) is under dispute. The Ministry of Justice has drafted a law to simplify the procedures: this is currently under discussion by the Parliamentary Commission.

A further important development was the creation in 1998 of 'Consumer Advocates' in all districts and towns with district status. These consumer champions, among other powers and responsibilities, provide free legal advice and information, and can both initiate proceedings on behalf of consumers and join consumers (with their approval) in fighting cases already in progress.

This framework will doubtless be further refined, since the Polish government sees the creation of an effective redress system, and indeed the general strengthening of the position of the consumer in society, as one of its important priorities.

In the private sector, Federacja Konsumentow (FK) is the third oldest consumer organisation

in Central and Eastern Europe, being founded in 1981, one year earlier than the National Association of Consumer Protection in Hungary (the oldest dates from 1957 in former Yugoslavia). It is a federation of some 50 clubs covering the main cities of Poland with an elected National Council of about 20 and an overall membership of around 20,000. The central office in Warsaw maintains a small paid staff of experienced professionals, but work in the regions is now largely carried out by volunteers, with seldom more than one paid member of staff per centre.

The key figure in FK is its President (and founder), Malgorzata Niepokulczycka, who has played a leading role in the development of consumer protection in Poland both within the Federacja and, for a brief period, as a senior officer at the Ministry of Industry and Commerce. Under her leadership, FK became the first Central and Eastern European Council Member of Consumers International, and also played a substantial part in the late 1980s in bringing together the groups which were emerging throughout the region.

Over its 19 years' history, FK has attempted virtually every kind of consumer activity – policy making; consumer and legal advice; publishing; information programmes on issues of primary concern to Polish consumers; work with the media; representation on certification, standards and consumer committees; comparative testing (via a small Consumer Institute for Quality, set up in 1991 for the purpose but now in decline); promotion of rational use of medicines (with Health Action International); consumer education; and so on.

Its current activities are concentrated mainly in the areas of consumer education in schools; publishing informative and educational books, booklets and leaflets; consumer advice; and campaigning, lobbying and representation. In 1995 FK launched the first consumer education programme in Poland, which was funded through the Phare programme. This pilot project produced teaching and learning material under the title *I Am a Consumer* for teachers and pupils in the sixth class in primary schools and the first class in secondary schools.

The scheme was co-ordinated by the Anti-Monopoly Office, which, under its new guise of the Office for Competition and Consumer Protection has continued to work with the Federacja on an extension of the project in 1998 – again financed through the Phare programme. The output from this was a new edition of *I Am a Consumer* and a board game about financial services called *Star Investor*, both for secondary schools.

In 1995, a new organisation, the Association of Polish Consumers was launched by Grazyna Rokicka, formerly Director of the Consumer Protection Department at the Anti-Monopoly Office, and before that General Secretary of the Federacja. The Association originally hoped to build a membership organisation around a monthly magazine, but this plan did not work out for economic reasons. It has now built itself into a group of experts in areas such as consumer law, food and product safety, standardisation, banking and insurance and other aspects of consumers' economic interest, unfair competition and advertising.

The Association's work is concentrated on research and analysis of problem areas (such as TV advertising to children and financial services), followed up by publication of leaflets, media campaigns and lobbying, and representations to public bodies.

The third consumer organisation of note in the independent sector is the Polish Home Economics Association (an Affiliate Member of Consumers International). As a professional association for teachers of home economics it is involved in the development of consumer education programmes in Poland. As a research institute, it focuses mainly on the role of consumers in the market economy and on sustainable consumption: it also tests and evaluates consumer products.

Up to the middle 1990s, there was no legal foundation for co-operation between public and private sectors in Poland. So the relationship between the government and consumer organisations depended on the policy of particular governments, their interest in consumer affairs and their attitude to the role of non-government organisations in promoting the consumer interest.

Frequent changes of government during that period made this a somewhat changeable relationship. At times, the Federacja enjoyed considerable support and prestige – notably when its President was appointed Secretary of State for Consumer Affairs at the Ministry of Industry and Commerce. In other periods it had to struggle for recognition and support. After 1994, the relationship began to improve, and the creation of the Office for Competition and Consumer Protection, which sees consumer organisations as important partners in the provision of services to consumers, finally established a firm basis for collaboration between the public and private sectors. This will be further formalised in the forthcoming *Act on Competition and Consumer Protection*, which is expected to come into force in 2000.

## 2 Public Sector

### 2.1 Legal Framework

Poland, like its Central European neighbours, is committed to harmonising its consumer law with European Union (EU) legislation, and is currently engaged on a programme of introducing into its legal system the consumer protection Directives listed in the EC's White Paper of May 1995.

In 1998 this process was intensified and considerable progress was achieved. After much debate, the idea of a general *Consumer Protection Law*, which had been under discussion since 1994, was dropped in favour of a series of separate laws with subsidiary regulations. This was one of the conclusions of the *Government Programme of Consumer Policy for the years 1998-1999* prepared by the Office for Competition and Consumer Protection, and approved by the Council of Ministers in September 1998.

This document also described the legislation needed to bring Poland into line with the *Acquis Communautaire*, and set a timetable for its implementation. None of this legislation is yet in place, but a number of key bills have been drafted which will start to come into force from 2000 onwards. The responsibility has been divided between different ministries, as follows:

#### Office for Competition and Consumer Protection

- a draft *Law on Competition and Consumer Protection* which is subject to inter-ministerial agreement, and is expected to come into force in 2000;
- a draft *Law on General Product Safety*, together with supporting regulations, (in line with the EU Directive on general product safety and the relevant EU regulations). This will incorporate toy safety, safety and textile labelling, dangerous imitations and checks for conformity of products imported from outside the EU. It will also introduce the RAPEX system for rapid exchange of information on dangerous products among the associated countries of Central and Eastern Europe; and a monitoring system for consumer accidents.

This law is in the final stage of the Parliamentary process, and is expected to be enacted in March or April 2000;

- a draft *Law on Consumer Credit*, together with supporting regulations (in line with the EU Directive): this is currently being redrafted after the first round of inter-ministerial consultations and will then be re-presented;
- draft *amendments to the Unfair Competition Act* (which will build the EU Directives on misleading and comparative advertising into Polish law).

These amendments are also expected to come into force in March/April 2000.

#### Ministry of Justice

- a draft *Law on Contracts concluded away from Business Premises or at a Distance* together with *amendments to the Civil Code, Code of Civil Proceedings and the Misdemeanour Code*. This package was presented to parliament on 26 February 1999. It has been accepted by the Parliamentary Commission and will go before the Lower House for its plenary reading in the spring of 2000. It is intended

to bring into Polish law the EU Directives on liability for defective products: contracts negotiated away from business premises: unfair terms in consumer contracts; and distance selling;

- draft amendments to the *Civil Code* on travel contracts. This draft, together with the *Act on Tourist Services* prepared by the Sports and Tourism Administration, which came into force on 1 June 1998, is intended to bring Polish law into line with the EU Directive on package travel;
- a draft *Law on Contracts relating to the Purchase of Timeshare Properties* which will introduce the EU Directive on Timeshare into Polish law.

Both these last two pieces of legislation are subject to inter-ministerial agreement.

#### Ministry of Finance

- a draft *Regulation on Price Indication on Products Offered to Consumers* (in line with the relevant EU Directive, and subject to inter-ministerial agreement).

In protecting the interests of consumers Poland gives a high priority to access to justice. For some years, Courts of Conciliation have been functioning within the framework of the Trade Inspection Service as a means of easing the settlement of consumer disputes.

At first, they operated on the basis of Article 705 of the Civil Code, following the Code of Civil Procedures. Since 1 July 1998, however, they have come under an Act amending other pieces of legislation defining the competence of public administration bodies (part of the system of state reform, O.J. No. 106, Item 668).

There are now 35 Courts of Conciliation in various areas of Poland, still within the organisational structure of the Trade Inspection Service.

Simple access to justice was further extended in January 2000 by the creation of special Penal and Civil Departments in regional courts to deal with smaller offences and cases in which the amount under dispute does not exceed

5,000 PLN (about 1,220 Euros). The Ministry of Justice, in whose jurisdiction the regional courts fall, has drafted a law to introduce simplified procedures for these cases: this Bill is currently under discussion by the Parliamentary Commission.

A further important development in state consumer protection, so far unique in Central and Eastern Europe, was the introduction in 1998 of District and Town (where the town has district status) 'Consumer Advocates' or local consumer ombudsmen. This was again brought about through the Act amending other pieces of legislation defining the competence of public administration bodies. In this case it was a revision of the law of 24 February 1990 on counteracting monopolistic practices, which is now entitled the *Act on Counteracting Monopolistic Practices and on Protection of Consumer Interests*.

These Consumer Advocates are responsible for providing free legal advice and information, in their territory, initiating legal action on behalf of consumers; they may also, provided the consumer agrees, join in cases which are already in progress. They also have the power to make proposals for new provisions or improvements of existing ones in the field of consumer protection.

## 2.2 Responsibility for Consumer Policy and Affairs

Up till 1996, there was no single government body in Poland with overall responsibility for consumer policy. This led to fragmented action and reduced effectiveness. The Law of 8 August 1996 dealing with the reform of state administrative structures brought an end to that unsatisfactory situation. At that point the Anti-Monopoly Office, which up till that time had protected consumers' interests indirectly by eliminating monopolistic behaviour and preventing excess concentration in the market, was transformed into the Office for Competition and Consumer Protection (OCCP). Since 1 October 1996, OCCP has been entrusted with a leading role in the creation and implementation of consumer policy in the government – thus recognising the need both to accelerate and co-ordinate the development of an effective consumer protection system in

Poland, and to bring it into line with European standards. Its Consumer Policy Department was set up in February 1997.

At the same time, in order to integrate pro-consumer and pro-competition policies at the enforcement level, the State Trade Inspection (from 1 January 1999, Trade Inspection), was put under the authority of the President of OCCP. It also became possible for companies to be prosecuted for making it difficult for consumers to exercise their rights, and for misleading advertising which could damage consumers' interests.

The president of OCCP draws up the plans for the nation-wide control exercised by Trade Inspection. Its main tasks are checking on the observance of consumer rights by business and catering establishments, eliminating goods that threaten consumers' health, safety or economic interests, and regular monitoring of the market.

OCCP consists of a Head Office in Warsaw and nine regional offices. Within the Head Office there are ten departments, including the President's Cabinet, the Consumer Policy Department and the recently formed State Aid Department. The top management consists of a President, two Vice-Presidents and a Director General.

Inter-ministerial co-operation on questions of consumer policy is exercised at two levels. The President of OCCP collaborates with various Ministers, notably:

- Minister of Justice
- Minister of Health
- Minister of Economy
- Minister of Agriculture and Food Economy
- Minister of Transport
- Minister of Environmental Protection, Natural Resources and Forestry
- State Sports and Tourism Administration
- Agency for Housing and Urban Development
- Polish Standardisation Committee
- Polish Centre for Testing and Certification
- Civil Rights Ombudsman.

At the working level, the Consumer Policy Department from its earliest days established

contacts with relevant units in other institutions, organisations and bodies dealing with various consumer protection issues. It also co-operates with consumers' organisations, seeing them as an important partner in promoting the interests of consumers. OCCP commissions these organisations, among others, to perform a number of 'state functions in the area of consumer protection'. These activities, funded from the state budget, cover free-of-charge legal counselling, information and education campaigns. It is openly acknowledged that the funds available do not match the need for these services in the community.

Research, including comparative tests of goods and services, is carried out on behalf of OCCP by the Consumer Institute for Quality and by the Polish Home Economics Association (see 3.10-14).

The Vice-President in charge of Consumer Affairs in OCCP is Elzbieta Ostrowska.

The Director of Consumer Policy is Jacek Herde

**Address:** Office for Competition and Protection in Poland,  
Plac Powstancow warszawy 1,  
00-950 Warsaw, Poland

**Tel/Fax:** + 48 22 826 53 03

**E-mail:** ddk@uokik.gov.pl

The Chief Inspector of Trade Inspection is Andrzej Krolokowski.

**Address:** Trade Inspection, Pl. Powstancow warszawy 1,  
00-950 Warsaw, Poland

**Tel:** + 48 22 826 23 30

**Fax:** + 48 22 827 22 89

## 2.3 Staff and Budget

The Consumer Policy Department in the Office for Competition and Consumer Protection has a staff of nine. Its budget is included in the overall budget for OCCP.

The Chief Inspector of Trade Inspection has a

staff of 44, plus around 1,500 in the nine regional offices. Budget figures are not available.

## 2.4 Functions

The principal functions of the Office for Competition and Consumer Protection in respect of consumer protection are:

- to prepare drafts of government policy on consumer protection issues
- to make proposals for amending regulations affecting consumer interests
- to commission specialised control bodies to carry out studies on the observance of consumer rights
- to initiate lawsuits in cases involving unfair competition.

The President of OCCP has the power under the 1998 *System of State reform* Act to make applications to entrepreneurs and associations of entrepreneurs in matters concerning the protection of consumer rights and interests, and to initiate consumer testing of goods and services. OCCP also provides support for autonomous local authorities and organisations with statutory responsibility for aspects of consumer protection.

In its work on consumer information and education, the Office co-operates with consumer organisations. It introduces consumer programmes into the school curriculum and issues leaflets providing basic legal information and advice for consumers under the generic title of *Consumer's ABC*.

The principal functions of the Trade Inspection include:

- to fight against unfair trade practices in the provision of goods and services
- to monitor the quality and supply of products and services in shops and restaurants
- to supervise the implementation of relevant regulations in the area of trade and services.

## 2.5 Enforcement

The Office for Competition and Consumer Protection has overall responsibility for the

implementation of consumer protection laws and regulations, as well as for policy. Day to day executive authority rests with the Trade Inspection.

## 2.6 Principal Programmes and Priorities

The Polish government has recognised the importance of strengthening the position of the consumer in society and has therefore put consumer protection high on its list of priorities. As well as accelerating the introduction of a full package of consumer laws, it is in the process of creating an effective system of consumer redress.

Against that background, the Office for Competition and Consumer Protection's immediate priority is to complete the programme of legislation set out in the Government Programme of Consumer Policy for 1998-1999 (together with the Ministries of Justice, Finance and Health and the State Sports and Tourism Administration). These laws are all due to come into force during 2000, and will bring the Polish legal system into accord with the *Acquis Communautaire*. OCCP will co-ordinate this programme. Its own role will focus on establishing a legal and institutional framework for protecting consumers against dangerous products and on enhancing their economic safety.

## 3 Independent Sector

### 3.1 Federacja Konsumentow

Founded in 1981, Federacja Konsumentow (FK) – the Polish Consumer Federation – was one of the earliest national consumer organisations in Central and Eastern Europe. Its structure is typical of an 'umbrella'-type federation: a general assembly of the 50 or so regional and local consumer groups or clubs elects a National Council, which is the statutory governing body, and on which the regional clubs are represented.

The tasks of the Head Office are to provide a variety of information and education publications for consumers; to produce educational material for schools; to carry out research and campaigning on behalf of the consumer; to make representations to

government about policy issues; and to co-ordinate the activities of the clubs. Most of the clubs offer advice and information to consumers, including product information, legal advice and redress.

FK were pioneers of consumer education in schools in Poland, launching the first programme in 1995. The project, financed through the Phare Programme, was a pilot scheme for the sixth class in primary schools and the first class in secondary schools and involved developing sets of learning material for the pupils and teaching aids for their teachers. The scheme was co-ordinated by the Anti-Monopoly Office and called *I am a Consumer*. A new edition for secondary schools was prepared in 1998, financed by the Phare Fiesta programme. FK also invented a board game for secondary schools called *Star Investor* to introduce young people to saving, investing, banking and financial services. This project was funded from the state budget by the Office for Competition and Consumer Protection.

FK has been a full member of Consumers International since 1989, and was a Council Member from 1991 to 1997.

The President (and founder of FK) is Malgorzata Niepokulczycka.

**Address:** Federacja Konsumentow,  
Pl. Powstancow warszawy 1/3,  
00-030 Warsaw, Poland

Leading Head Office staff include: Elzbieta Szadzinska, International Affairs Officer:  
and Longina Lewandowska-Borowka,  
Press Officer.

**Tel:** + 48 22 827 11 73

**Fax:** + 48 22 827 90 59

**E-mail:** biuro@federacja-konsumentow.org.pl

### 3.2 Membership

About 50 regional and local consumer clubs make up the corporate membership of the Federacja. Between them, they have approximately 20,000 individual members.

The clubs pay no fees to belong to the Federacja. Whether to charge membership fees

to individual members, and if so, how much, is an issue to be decided by each club at its annual general meeting. Local clubs, which must have a membership of at least ten to be entitled to join the Federacja, are responsible for their own costs.

### 3.3 Staff

FK has 14 paid staff members at Head Office in Warsaw and a total of 47 paid staff in the 50 regional and local clubs. All other staff are volunteers.

From 1992 to 1994, the German consumer organisation Arbeitsgemeinschaft der Verbraucherverbände (AgV), with the support of the German government, financed a project to develop nine consumer advice centres in leading Polish cities. This aid, coupled with practical help and training, enabled the regional clubs in these cities to employ professional advisers, usually a general adviser and a lawyer in each of the offices. When the project came to an end, funding was not continued or taken over by the Polish government, and paid staff at the clubs had to be reduced to one per centre, except for Poznan and Lodz.

### 3.4 Finance

In its early years, FK was financed largely by government grants. Between 1989 and 1991 it also received funds from western consumer organisations, notably Consumentenbond in the Netherlands and Consumers Union of the USA, to help in the development of a consumer magazine, ATUT. In 1991-92, serious problems arose when the Polish government suspended most of the financial aid to non-government organisations. The AgV project (see 3.3 above) provided essential support in the years 1992-94 to enable FK to continue its activities, especially in the field of consumer advice, and to maintain its position in the eyes of the government and of Polish consumers.

Since the project came to an end, the Polish government has granted the Federacja an annual budget rising from 280,000 PLN (equivalent at the time to about 93,500 Euros) in 1994 to around 1,540,000 PLN (375,000 Euros) in 1999.

It has also received funding from various Phare programmes for particular projects.

### 3.5 Principal Activities and Priorities

The Federacja has produced a long list of publications in the last three years:

- a book on the consumer protection system in member states of the European Community
- a book of model consumer contracts, incorporating comments from FK's lawyers

A series of information and educational books and booklets for individual consumers:

- *Banking Services – a consumer guide*
- *We Buy Audio Equipment*
- *We Buy Cosmetics*
- *We Paint a Flat*
- *Mum, Buy me a Toy*
- *Consumer Credit – the risk on paying by instalments*
- *Consumer Guide on Food Additives*
- *Do We Insure Safety?*
- *Universal Insurance – Advantages and Disadvantages*
- *The Way to Own a Pension*

Training books and manuals for consumer advisers and volunteers of FK's clubs:

- *Training Material Parts I & II*
- *Consumer Arbitration (the Spanish Experience)*

Books and booklets on the health of mothers and children, and on advertising of baby foods:

- *International Code of Marketing of Breastmilk Substitutes, Resolution of the World Health Authority, Inocenti Declaration, EU Directives*
- *International Code of Marketing Breastmilk Substitutes – with comments*
- *How the International Code is Violated in Poland*
- *When Mum comes to the Office*

Educational material for schools:

- *Workshop on Consumer Rights*
- *Workshop on Direct Mail*

- *Star Investor – a board game on financial services*
- *I'm a Consumer – an exercise book for students and a manual for teachers*

Booklets and leaflets for individual consumers:

- *Guarantee and Warranty Complaints*
- *Consumer ABC*
- *Especially for You (leaflet about direct mail)*
- *Genetics and Food*
- *What is a Millennium Question?*
- *ABC of Taxis – for passengers and drivers*
- *Second-Hand Clothes.*

The Federation is also actively involved in organising (and attending) seminars and workshops:

- seminars on children and advertising, and on consumer protection in Poland, (co-organised with the government in Parliament)
- training for teachers involved in consumer education, and for volunteers and lawyers working with FK's clubs.

Other major and on-going programmes include:

- information campaigns on consumer protection (*where we are*), on sustainable consumption, and on how consumer knowledge and awareness is ammunition against disappointment
- monthly press releases for local media to build consumer awareness
- development of FK's web-site
- consolidating and building up the network of regional local consumer advice centres
- developing the information system within FK, started during the AgV project, to support information and advice services to consumers
- further development of consumer education programmes in Poland.

### 3.6 Association of Polish Consumers

Stowarzyszenie Konsumentów Polskich (SKP) – the Association of Polish Consumers – was founded in April 1995 and had its second Congress meeting in May 1999.

During its first four years of activity SKP has built up a group of consumer experts in particular areas of interest – legal protection, the protection of economic interests, food safety, standardisation, banking and insurance, product safety, unfair competition and advertising.

SKP is predominantly an expert lobby group, basing its representations, publications, and regular pronouncements on TV and radio, and in magazines and newspapers, on careful research. It has no mass membership. Its representatives sit on the following bodies dealing with important consumer issues:

- Parliamentary Commission for Competition and Consumer Protection
- Polish Standardisation Committee
- Consulting Board to the President of the Regulatory Office for Power Problems
- Social Council at the Insurance Consumer Ombudsman.

The President is Grazyna Rokicka.

The Vice-President is Liliana Ustaborowicz-Jakimowicz.

**Address:** Association of Polish Consumers,  
ul. Nowowiejska 25,  
00-665 Warsaw, Poland

**Tel:** + 48 22 660 52 71

**Tel/Fax:** + 48 22 825 68 31

**E-mail:** consumer@skp.pl

### 3.7 Staff

The Association has a staff of four, including a lawyer, an economist, a specialist on training and a secretary.

### 3.8 Finance

The main sources of the Association's funds are external projects. Total income in 1998 was 127,450 PLN (approximately 32,000 Euros) and in 1999 400,000 PLN (97,500 Euros). The increase in 1999 arose mainly from the Association's training contract for local consumer ombudsmen (see 3.9 below).

## 3.9 Principal Activities and Priorities

The Association's priorities are:

- to provide information to consumers
- to influence the legal system of consumer protection.

Its main activities in 1998 were:

- a review of guarantees for domestic products. On the basis of this analysis SKP produced a leaflet for consumers, which was distributed especially in smaller towns and rural areas;
- complex analysis of TV advertising directed at children, or using children. 200 interviews with children were also conducted to assess the impact of these advertisements on their consumer behaviour;
- complex analysis of banking services for young consumers. This included research on 300 respondents aged 18-25 living in cities of varying sizes. Two leaflets were printed and distributed in secondary schools and colleges all over the country;
- a leaflet for consumers on unfair competition – drafted, printed and distributed.

In 1999, its main activities were:

- training for local consumer ombudsmen (Consumer Advocates) on Polish consumer legislation (about 400 participants);
- participating in work on new legislation;
- drawing up a series of eight leaflets for consumers on their rights in connection with consumer contracts.

The training for local consumer ombudsmen will continue in 2000 – this time in the framework of a Phare project, covering EU legislation, together with public relations, mediation and negotiation skills.

### 3.10 Polish Home Economics Association

Polskie Towarzystwo Ekonomiki Gospodarstwa Domowego (The Polish Home Economics Association) is a non-government organisation founded in 1990 by academics

from the Home Economics Department of the Agricultural University of Warsaw and the staff of the Committee for Home Economics. Its main aim is to raise the level of culture of Polish families. Its research concentrates on the relationship between family or household and the market, on the role of consumers within the market economy and on sustainable consumption. It tests home appliances and evaluates their usefulness to consumers. As a professional Association for teachers of home economics, it runs courses and seminars, and is involved in the development of consumer education in Poland.

The President is Prof. Dr. Teresa Palaszewska-Reindl.

The Director is Malgorzata Rusiecka-Bojarska.

Address: Polish Home Economics Association,  
Koszykowa Street 10,  
00-564 Warsaw, Poland

Tel: + 48 22 621 36 51 or 621 44 88

Fax: + 48 22 621 47 99

### 3.11 Membership

The Association has 150 individual members paying an annual subscription equivalent to 2.5 or 5 Euros).

### 3.12 Staff

There is a staff of 10, of whom five are paid and five are volunteers.

### 3.13 Finance

Total income in 1999 was 394,000 PLN (equivalent to about 96,000 Euros). Of this:

- 60,000 Euros came from grants
- 34,800 Euros from tests
- 135 Euros from courses and fees
- 1,112 Euros from sales of publications.

### 3.14 Principal Activities and Priorities

- Helping households to adapt to the changing socio-economic circumstances in Poland and protecting their interests as consumers

- Extending ecological awareness of Polish citizens
- Publishing a quarterly popular-scientific journal *Household in the Country and in the World* and books on cookery, home budgeting and ecology in the home. Recent publications also include *The Guide for Consumers*, and a manual for Schoolteachers *Consumer Aspects in Teaching of Nutrition*
- Developing a system of consumer education
- Research and education on issues around sustainable consumption, environmental protection and rational use of natural resources.

# Romania

## 1 Summary

**The Romanian consumer movement is distinctive in two respects. First, in the public sector, the Office for the Protection of Consumers (OPC), established by government Ordinance in 1992, has unusually wide powers and responsibilities – as set out in 2.2 below. Secondly, the voluntary sector is exceptionally diverse. At the end of 1998 there were more than 117 registered consumer groups and associations. Most of these are small locally-based groups dependent on the enthusiasm of volunteers; some have joined into regional federations (of which there are now sixteen) but as yet there is no national confederation to bind them all together. In the view of both OPC and APC (see below), only 36 of these groups are currently active.**

The strongest of these organisations is also the longest-established – the national Association for the Protection of Consumers (APC), founded in 1990. This Association was set up by professional inspectors from the state inspection and quality assurance service who, through the media and their official connections, helped to stem the flow of poor quality goods (food and drink in particular) on to the Romanian market. When the state Inspectorate was converted into OPC in 1992, the Ordinance (which later became the *Consumer Protection Act*) forbade its employees to hold office in voluntary consumer associations. This presented considerable problems for the founders of APC. However, after a difficult period from 1992 to 1995, APC is now actively working on consumer information, education and advice projects with small-

scale funding from a variety of sources, including OPC.

Since 1995, the Romanian government has provided annual funding for independent consumer organisations in 1995, rising from 100m lei (20,000 Euros) in 1995 to 400m lei (25,000 Euros) in 1999. OPC administers these grants under rules laid down by the Ministry of Finance. To the regret of both OPC and the beneficiaries, the rules forbid the inclusion of any salary or administrative costs in project applications, which, to date, have been limited to information or education projects and small essays in comparative testing.

On the legislative front, Romania is committed, under an Association Agreement signed in 1993, to harmonising its legislation with that of the European Union. OPC is charged with drawing up the required bills and regulations, although the Internal Market Department in the Ministry of Industry and Commerce also has a role in this process.

In the consumer field, the programme has still not developed far beyond the general *Consumer Protection Act* (amended in 1999), but a number of draft bills are going through various stages of approval (listed under **Legal Framework** below), and the list of priorities is long. Progress in strengthening the legislative framework remains slow, however, not least because of difficulty in obtaining the necessary parliamentary time.

At first, the general approach in both government and independent circles was that if something appeared to be wrong, it must be controlled, curbed or eliminated by official

action. More recently, however, the government's willingness to finance consumer projects in the voluntary sector suggests that information and education are beginning to replace centralised controls as the tools of first choice in arming the consumer against the perils of the free market.

Relationships within the Romanian consumer movement have been far from easy: there have been tensions both within the independent sector and between OPC and some of the voluntary organisations, notably APC. Over the last few years, however, a much more collaborative relationship has gradually developed between OPC and APC, with encouraging results at the practical level. Relations between OPC branches and local associations remain variable, ranging from excellent (eg Vrancea county) to poor (Arad county). However, a joint meeting between the local branches of OPC and APC in June 1999 opened up encouraging new ideas for collaboration, and both parties were extremely encouraged by the outcome, and by the potential for future co-operation.

## 2 Public Sector

### 2.1 Legal Framework

A general *Consumer Protection Act* was introduced on 21 August 1992 (Ordinance no. 21). As well as defining consumer rights and trade obligations, this Ordinance created the Office for the Protection of Consumers (OPC) and various Consumer Consultative Councils, and also specified the type, size and structure of consumer associations entitled to participate as social partners in the system and process of consultation. (Simultaneous Ordinances nos. 19 and 20 covered standardisation and metrology.)

The Act was amended and strengthened in 1999. Various definitions were clarified, making it easier, for instance to prosecute traders for producing, importing and selling either unsafe or fake products: and the maximum level for penalties was raised from 1 million lei (50 Euros) to 10 million lei (500 Euros) – arguably still too low to hurt or deter serious offenders. OPC inspectors are now empowered to demand the withdrawal and

suspension of unsafe products. In order to be accepted as partners in consultative bodies, consumer associations now have to have at least 3,000 members, with branches in 10 or more counties; and at the local level, they have to be able to demonstrate that they have been active for at least three years.

The functions and organisation of the Office for the Protection of Consumers were set out in Decision no. 482, 24 August 1992, amended by Decision no. 223/1995.

Decision no. 757/1992 defined co-operation between various government organisations in the field of consumer protection.

The functions and structure of the national, regional, city and community Consumer Consultative Councils were set out in Decision no. 251, 27 May 1994).

Unfair competition is regulated by a *Law of Competition* no. 21/1996. This replaced the Law concerning the *Protection of the Population against Unlawful Trade Activities* (Law no. 12, 3 August 1990, amended by Law no. 42 /1991 and Ordinance 21/ 1992, adopted by Law no. 14/ 1994).

The main legal framework also includes:

- Law no. 21/1924 concerning the *Establishment of Associations and Foundations*
- Law no. 32/1968, modified in 1991, on *Penalties*
- Law no. 12/1990 concerning *Illegal Trade Practices*
- Law no. 94/1994, supported by Decision no. 116/1995 on enforcement by OPC inspectors, on *Penalties For Public Health Offences*
- Orders nos. 611/1995 and 863/1995 (Health Ministry) dealing with various aspects of *Food Hygiene and Standards*
- Decisions nos. 395/1995 and 665/1995 concerning *Home Appliances, the Responsibilities of Traders, and Replacements and Refunds for Faulty Products*
- Decision no. 784/1996 (amended by Decision no. 953/1999) concerning *Food Labelling*
- Decision no. 785/1996 concerning *Textile Labelling*

- Decision no. 168/1997 dealing with *Products or Services which might be Dangerous to People or the Environment*.

In August and September 1999, the government adopted four new pieces of legislation in line with the EU Acquis:

- Ordinance no. 107/1999 on *Contracts of Sale away from Business Premises*
- Ordinance no. 106/1999 on *Package Tours*
- Decision no. 710/1999 on *Toy Safety*
- Decision no. 745/1999 on *Labelling of Detergents*.

Two further Decisions await government approval:

- Decision on *Dangerous Fakes and Imitations*
- Decision on *Price Indication*.

In addition, four draft Bills have been put forward by the government and are waiting for parliamentary approval:

- a law on *Unfair Contract Terms* (approved by the government in January 1998)
- a law on *Product Liability*
- a law on *Misleading and Comparative Advertising*
- a law on *Cosmetics*.

OCP have included in their programme for 2000 the drafting of four further bills:

- on *Consumer Credit*
- on *Distance Selling*
- on *Time-share Properties*
- on *Legal and Commercial Guarantees*.

There are, in addition, more than 60 Laws, Decisions and Orders introduced since 1990 that have an impact on consumer protection.

Law no. 20/1993 ratified the European Agreement on Romania's Association with the European Community, signed on 1 February 1993. This Agreement commits Romania to harmonising its consumer legislation with that of the European Union.

Bills on distance selling, consumer credit and time-share, all required under the harmonisation programme, will follow in the

next phase of legislative development.

## 2.2 Responsibility for Consumer Policy and Affairs

Under the Ordinance on Consumer Protection, Oficiul Pentru Protectia Consumatorilor (the Office for the Protection of Consumers – OPC) is charged with co-ordinating and bringing into effect government policies on consumer protection.

OPC is part of the central public administration, headed by a Director General, and accountable to the Prime Minister.

OPC has wide powers and functions covering the whole spectrum of consumer activity from enforcement to market surveys, from strategic policy-making to supporting consumer associations and collaborating with them in providing consumer information and education. Some of its functions, notably in the control and inspection areas, it inherited – along with a network of 42 county offices throughout Romania and the LAREX laboratories for standards and analytical work in foodstuffs, textiles, furniture, etc. – from the former National Commission for Standards, Metrology and Quality. (Metrology and Standards became separate units in 1992.) OPC is an Affiliate Member of Consumers International.

Consumer Consultative Councils were established at national, county and municipal levels in June 1994. Their main responsibilities are:

- to assess the implementation of consumer protection and to submit suggestions for improvements to the relevant authorities
- to improve consumer education and information
- to assess the response of public authorities to submissions from consumer associations.

The National Consultative Council meets twice a year, with monthly meetings for its Bureau. At the county level, the Council meets quarterly and in the cities and villages, monthly.

The National Council consists, by Government Decision, of representatives of:

- the Ministry of Industry and Commerce
- the Ministry of Agriculture and Food
- the Sanitary and Veterinary General Departments
- the Ministry of Water, Forests and Environment Protection
- the Ministry of Tourism
- the Local Public Administration Department
- the Financial Inspection Guard (Audit Office)
- the General Inspection of Police
- the General Direction of the Customs House
- the Romanian Institute of Standardisation
- the Romanian Legal Metrology Institute
- the Department for Preventive Medicine and Health Promotion
- the Pharmaceutical Department
- the Institute for State Control of Drugs and Pharmaceutical Research
- the State Inspection for Building, Public Works, Town Planning and Land Planning
- the Romanian Vehicle Register
- National Confederations of Family Organisations and Consumer Protection Associations which fulfil the stipulations of the *Consumer Protection Act*.

The President of the Council is the Secretary of State at OPC. The Vice-President is a representative of Confederations of Consumer Associations. The Secretariat is held by OPC.

Representation at county, city and commune level is on similar, but less comprehensive, lines. In each case, the Presidency is held by the Prefect, the Mayor or his/her representative, and the Vice-Presidency by a consumer representative.

Representatives are appointed, nominated or elected by their organisations as appropriate.

This elaborate structure is a potentially important mechanism for consultation on both local and national issues. However, there is some doubt about its effectiveness, especially in the independent sector, and it was on OPC's agenda for 1999 to redraft the legislation governing Consultative Councils in order to strengthen their power and influence.

The Secretary of State of OPC is Corneliu Eliade Mihailescu.

**Address:** Oficiul Pentru Protectia Consumatorilor,  
Blvd. N. Balcescu, 21,  
70122 Bucuresti, Romania

**Tel:** + 40 1 613 0690

**Fax:** + 40 1 312 3596

The General Director of the Internal Market Department is Aurora Carpen.

The Director of the Consumer Protection Division, Internal Market Department, is Dan Stanescu.

**Address:** Ministry of Industry and Commerce,  
Calea Victoria 152,  
70034 Bucuresti – 1, Romania

**Tel:** + 40 1 619 315 0791

**Fax:** + 40 1 619 312 5285

**E-mail:** acarpen13@yahoo.com

## 2.3 Staff and Budget

The staff of OPC (nationally and locally) has fallen from 832 in 1992 to its current level of 688 – a reduction which is hard to live with given that the number of companies operating on the Romanian market has multiplied threefold during the same period.

The annual budget of OPC for 1999 is 17 billion lei (113,400 Euros), compared with 15.2 billion lei (179,700 Euros) in 1998.

## 2.4 Functions

The functions of OPC, as laid down in the Romanian Government's Decision 223/1995, include:

- overall, to act as the agent of government strategy, policy and objectives concerning consumers' lives, health and safety, as well as their legal interests
- to draw up short, medium and long-term strategies for government consumer protection policy, and to submit them for government approval
- to draw up, and to submit for approval, regulations covering the preservation,

- packaging, labelling, transport, storage and marketing of products (and services), so that none of these is to the detriment of consumers' legitimate rights and interests, and does not endanger their lives, health or safety
- to draw up, in association with other relevant public bodies, and to submit for approval, procedures relating to consumer protection activity – objectives, conditions and manner of collaboration
  - to carry out periodic and unannounced market surveys, with the involvement of producers, to determine the extent to which legal obligations in the areas of packaging, preservation, labelling, transport, storage and marketing, both in products and in products or services, are being observed. (In the event of serious breaches being found, OPC has the power to impose a temporary or permanent ban on the import, manufacture or marketing of products or services; their withdrawal from sale or from consumers; the destruction of permanently banned products; and/or the suspension of their import or production licences.)
  - to check customs warehouses and the market-place for imported products which might endanger lives, health or safety (except for products falling under the jurisdiction of other specialised state bodies); and to verify documentation as necessary against laboratory tests
  - to announce publicly to all the relevant authorities, nationally and locally, the results of any such investigations, and the corrective measures taken
  - to monitor, according to the law and according to approved procedures, how manufacturers, importers and traders respect both mandatory standards of consumer safety and consumer rights and interests
  - to act as appropriate on reports from other public administration bodies concerning consumer safety and rights
  - to receive and resolve, or pass to those competent to resolve, consumer complaints
- from consumer protection associations and from individuals
- to support consumer protection associations and to participate with them in providing consumer information and education
  - to organise the training of consumer protection specialists
  - to study the underlying causes of infringements of consumer protection law and regulations and to publish the results
  - to impose fines for breaches of the law (and to inform the judiciary in the event of penal offences). (Under the terms of the Government Decision OPC can add sums raised from penalties and laboratory tests to its budget, as well as receive donations and contributions.)
  - to provide consumer information, advice and education to consumers, either as individuals or through an association
  - to supervise draft regulations on consumer protection issues.

## 2.5 Enforcement

Enforcement of consumer protection and regulations is the responsibility of OPC and its County Offices, as laid down in Government Decision no. 223/1995 and as set out in 2.4 above.

In 1998, OPC staff carried out 62,700 inspections, and 218 target-oriented inspection campaigns; solved 15,600 complaints; and analysed 20,200 samples. In 7,368 instances, it asked the relevant authorities to withdraw or suspend operating licences, and it took 30 cases of serious law infringements to court. OPC notifies the National Commerce Register monthly of any companies which violate consumer laws.

43% of complaints were about food, 32% about non-food products and 25% about services.

In 1999, OPC carried out 62,835 inspections, of which 49,356 involved infringements of consumer protection legislation. Due to

shortage of finance, however, they were able to send only 8% of the samples taken to accredited laboratories for testing. 17.7% of inspections were carried out jointly with other state control agencies, notably the National Sanitary and Veterinary Agency of the Ministry of Agriculture and Food, the Inspectorate of Health of the Ministry of Health, the Financial Guard and the Economic Police. In the first half of the year, OPC analysed 2,400 samples, asked for the withdrawal of 771 operating licences and brought 209 cases to court.

Complaints-handling remains an important part of OPC's work. In 1999, 18,533 consumers complained to OPC: two thirds of those complaints were well founded, and resulted in 290,000 Euros-worth of goods and services being replaced or repaired.

## 2.6 Principal Programmes and Priorities

The main priorities of OPC for 1999 were:

- expanding the legislative framework and harmonisation with the *Acquis Communautaire*
- improving the effectiveness of market inspections
- extending the information system, using computer databases
- informing, advising and educating consumers
- co-operating more closely with voluntary consumer groups, other public administration bodies and business organisations
- restructuring the Consultative Councils.

OPC's tasks in the national programme of adopting the *Acquis Communautaire* were or are:

- harmonising Romanian legislation with that of the EU (target 1998 – 2000)
- participating in the Inter-Ministry Council for Quality and Technical Norms for Consumer Protection (1998)
- establishing a Consumers' Committee, comprising representatives of the business community, professional groups, academics and consumer associations (1999)
- building a computerised database on the

safety and quality of products, including company data (1999)

- setting up a non-governmental Consumer Institute to organise comparative testing and publish material to inform and educate consumers (2000)
- improving staff training (1998 - 2000)
- cross-border co-operation with Hungary and Bulgaria in market inspection
- establishing a pre-court arbitration system for resolving consumer complaints (1999).

Between 1996 and 1998 OPC benefited from a Phare programme for Public Administration with a budget of 300,000 Euros for 26 months. It included technical training, provision of equipment and help with legal reform.

## 3 Independent Sector

### 3.1 General

The consumer movement in Romania started in February 1990 with the foundation of the Association for the Protection of Consumers (APC). It drew its initial momentum, its focus and most of its membership (including the national officers) from the National Commission for Standards, Metrology and Quality – in particular from the quality control and trade inspectorate. It was, in effect, an association of state control professionals extending their work as volunteers into the broader sphere of consumer protection. A newspaper, *23 MILIOANE*, was being produced six times a year (shortage of funds prevented more frequent publication): and the Association was feeding consumer complaints into the trade inspection machinery and giving publicity to the results. The emphasis of their work was predominantly on safety and quality of goods, particularly basic foods such as bread and meat.

The publication of the Ordinance and the creation of OPC posed a problem for the officers of APC, since, as a result of the abolition of the National Commission, they all became employees of OPC, and under the terms of the Ordinance, were not permitted to hold office in independent consumer associations.

There was also an issue over the structure of the Association. According to the Ordinance,

organisations entitled to be social partners in consultative bodies had to fulfil strict conditions. Either they must have at least 3,000 members and subsidiary groups in at least five districts: or they must be organised into local groups, with a federation formed from five or more towns and a minimum of 150 members in each area, and a national confederation made up of at least 10 small federations, or fewer larger ones with 2,000 or more members each. (These conditions have been modified in the 1999 version of the Act: see under 2.1 above.)

APC was critical of these requirements, which it felt excluded it from playing its rightful part in the development of the movement: and it was not until 1995, under new leadership, that it adopted more positive and practical policies which have enabled it to re-establish itself as a significant champion of the consumer in Romania.

From late 1992 onwards, OPC turned its attention to encouraging the growth of grass-roots consumer groups on the pattern set out in the Ordinance. By the end of 1998, there were in Romania 117 registered consumer organisations – 101 associations and 16 federations – but, as yet, no national federation. Of these groups only 36 are regarded as being active.

The main common ground between these, mainly small, voluntary groups is in handling complaints. The records show that in 1998, between them, they handled around 2,000 complaints covering the whole spectrum from food problems to public central heating systems. Court cases were brought in some instances – against a pyramid scheme in Bistrita county; against a mutual investment fund in Brasov county; in defence of a warranty claim in Mehedinti county. Malpractice by cable-TV operators is a common problem area.

Small grants from the state budget administered by OPC allowed 26 publications to be produced – leaflets, posters, brochures mainly dealing with aspects of consumer rights, with circulations from 2,000 to 10,000. The local association in the small town of Vicovu de Sus obtained a grant of 250 million lei (30,000 Euros) from the Foundation for the

Development of Civil Society to publish a monthly magazine (with a circulation of 7,500); 10 leaflets (circulation 200,000); two bulletins; and a leaflet for schoolchildren, (circulation 4,000). Leaflets produced by APC served as the model for many of these local productions.

It is a measure of the problem faced by the voluntary consumer movement in Romania that, according to OPC estimates, only five per cent of the 117 voluntary groups had the means – premises and funds – to run activities. 93% of the organisations do not even have an independent room from which to operate. 19 groups are based on the office of their local OPC branch; 30 more have some facilities in a local business enterprise.

### 3.2 Association for the Protection of Consumers (APC)

The President of APC is Ion Leanca.

**Address:** Association for the Protection of Consumers,  
Blvd. I. C. Bratianu 34,  
Etaj IV, Camera 24,  
70427 Bucuresti, Romania

**Tel/Fax:** + 40 1 311 02 43

**E-mail:** apc@itcnet.ro

APC is an Affiliate member of Consumers International.

### 3.3 Membership

In 1999, APC had a total membership of more than 3,600. Members pay an annual subscription of 20,000 lei (equivalent to 1.2 Euros). All membership is individual: there are no corporate members. Currently, APC has branches in 10 cities, and has signed partnership agreements with local groups in 28 (out of 40) counties. APC has the mandate to represent them and their interests in discussions with national authorities, government departments and parliamentary commissions.

### 3.4 Staff

In 1999, APC had a paid staff of two in its Bucuresti office – one a full-time secretary, the

other a part-time accountant. All other work, nationally and regionally, is carried out by volunteers. APC is acutely aware of the difficulty of functioning effectively as a national association without a full-time executive director, but to date there has been neither core funding nor project funding for such a post.

### 3.5 Finances

In 1998, APC had a total income from all sources of 102 million lei (equivalent to 12,000 Euros). Of this, 5 per cent came from members' subscriptions, 47 per cent from international project grants, 47 per cent from projects financed through OPC and 1 per cent from interest on deposits. Comparable figures for 1999 are not available.

### 3.6 Principal Current Activities and Priorities

In November 1998, the President of APC set up a Development Working Group with the ultimate objective of building APC into the national consumers' association of Romania. It was given the immediate task of drawing up a strategy and action plan for the following two years, taking in all existing and potential projects.

Current projects include:

- publication of a regular monthly bulletin on consumer affairs and the work of APC for opinion formers, government departments, consumer specialists, academic faculties and the media
- work on consumer credit
- food safety studies (an extension of the earlier nation-wide campaign on 'Safe Food for All')
- developing media contacts – in particular, working with a Bucuresti TV station on a weekly 30-minute live programme
- improving relations with OPC and relevant government departments by more regular, pro-active contact
- extending the series of information leaflets begun in 1997 (with financial help from OPC, the Phare programme, the Foundation for the Development of Civil Society and the US Colston Warne Foundation)

The Association's main activities for 1997 and 1998 included, as well as the leaflets already mentioned:

- resolving consumer complaints – always a dominant theme of their work: 680 complaints were received in 1998, and 395 in the first eight months of 1999
- comparative tests of powdered milk and irons (financed by the state budget)
- seminars on Action Techniques for Consumer Groups (in two cities, with the help of the German consumer organisation Arbeitsgemeinschaft der Verbraucherverbände [AgV]); on Consumer Law (together with the American Bar Association, in three cities, with the help of the Soros Foundation); and on Consumer Protection and the Market Economy (together with the Academy of Economics)
- a school campaign to inform children about consumer rights (with the help of the Bucuresti Inspectorate for Education)

Currently, APC is participating in a project on infant feeding put forward by the International Baby Food Action Network (IBFAN), financed by UNICEF and the Netherlands Ministry for Development and Co-operation, and to be completed by September 2000.

Main priorities for the future include the establishment of a network of citizens' advice bureaux (with external funding and support from other appropriate non-government organisations): promoting consumer education in schools; and further comparative tests of key consumer products or services.

### 3.7 IPCOC and SOROPCO

Not all the consumer organisations, which have formed since 1992 have followed the grass roots model 'prescribed' in the Ordinance. Two small, relatively specialist, groups were founded in 1993: Institutul Pentru Protectia Consumatorilor A Concurentei (the Institute for Consumers and Competition Protection – IPCOC); and Asociatia "Societatea Romana Pentru Protectia Consumatorilor" (Association "Romanian Society for Consumers Protection" – SOROPCO).

IPCOC was concerned primarily with the development of consumer policy, and with campaigning to achieve it. Its founder-President was Bujor Bogdan Teodoriu, MP and, as a Minister in the former government, responsible for introducing the Ordinance on Consumer Protection.

SOROPCO was also founded by Bogdan Teodoriu, and had aims and objectives similar to those of IPCOC, but claimed to be more directly activist in its approach. Its main activities were consumer education and policy formulation.

According to latest reports, neither organisation is currently active.



# Slovakia

## 1 Summary

**The framework of consumer law in Slovakia has been expanded considerably over the past five years, with important amendments to the 1992 *Act on Consumer Protection*, *Acts on Complaints* (1998) and on *Advertising* (1996), plus a Code on Foodstuffs introduced by Decree in 1996. It has been further strengthened in recent months by a second set of amendments to the *Act on Consumer Protection*; an *Act on Liability for Defective Products*; and an *Act on Technical Requirements for Products and Conformity Assessment* (including a Statutory Order on Toy Safety) – all of which came into force at the end of 1999/beginning of 2000. These new laws are all designed to bring Slovakia more closely into line with the European Union (EU) Acquis. The Civil Code of 1964 remains the basis of all consumer protection legislation.**

Enforcement and implementation is entrusted to the Ministry of Economic Affairs, which has overall responsibility for consumer policy, and to the Slovak Trade Inspection, which is under the jurisdiction of the Ministry of Economic Affairs and is responsible for supervising business activity and for market surveillance. Other specialised bodies are responsible for control and inspection of particular sectors of consumer goods and services.

Co-operation between the government and non-government organisations in promoting consumer protection and policy is stipulated in the *Consumer Protection Act* and in the associated Act defining the roles and responsibilities of the various parties involved in consumer affairs. Consumer organisations have

a legal right to work with public authorities in both creating and monitoring consumer policy, and in improving the effectiveness of its administration. Their representatives sit on the government's advisory Consumer Policy Council (the Vice-Chairman is the representative of the Association of Slovak Consumers).

Zdruzenie Slovenskych Spotrebiteľov, the Association of Slovak Consumers (ASC), was founded in February 1990 under the leadership of its founder, Pavel Hrasko, Professor of Market Research in the Faculty of Commerce, University of Economics, who had been working on consumer issues with other founder-members since the 1970s. The early years were a struggle, as with many of the voluntary organisations of the region, but some money was earned through small research projects carried out on behalf of government departments and state agencies.

The Association acts as a federal umbrella for eight independent associations and 25 Consumer Centres throughout Slovakia, with a total membership of more than 3,200.

In 1993 the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV), following up its successful projects elsewhere in the region, provided practical and financial help, together with professional training, to enable ASC to set up four consumer advice centres – one in Bratislava, and one in each of three other Slovak cities.

When this two-year project came to an end in 1995, the funding of the consumer advice centres was taken over by the Ministry of Economic Affairs. Continued financial support from the government from 1996 onwards has

enabled the work of the centres to be sustained – and with further help from AgV since 1997 to be strengthened by the development of an information system. The extension of this catalogue of consumer information, InfoSeek ASC, which is of great value in the field of consumer education and in media work, is ASC's top priority in the next phase of its activities.

One other independent consumer organisation of note in Slovakia is the Forum Spotrebiteľov (Consumers' Forum). Founded before ASC and led from the start by Marta Cerna, its main work now is in consumer education via schools and the media. It also offers a part-time counselling service in Bratislava.

In November 1999, a new umbrella organisation was formed under the title of Association of Consumer Organisations of Slovakia. Its President is Marta Cerna.

## 2 Public Sector

### 2.1 Legal Framework

The main plank in the framework of consumer law in the Slovak Republic is the *Act on Consumer Protection* No. 634/1992 Coll., adopted on 16 December 1992.

This Act, amended by Act No. 137/1998 Coll. lays down conditions under which the public authorities responsible for consumer protection should undertake their tasks, and defines the rights of associations and other legal entities engaged in consumer protection.

A second major amendment to the Act (No. 310/1999.Coll.) came into force on 1 January 2000. It deals with the implementation of the EU Directives on *Product Safety, Dangerous Imitations and Unfair Contract Terms*.

The *Act on Consumer Protection* was completed on 10 July 1993 by the Act No. 274/1993 Coll. on *Delimitation of Competencies of Bodies in Consumer Protection Issues*.

Other consumer protection legislation consists of:

- *The Civil Code*, No. 40/1964
- Act No. 264/1999 Coll. on *Technical Requirements for Products and Conformity Assessment*, including the *Statutory Order on Toy Safety* (in force from 1 January 2000)
- Act No. 224/1999 Coll. on *Product Liability for Defective Products* (in force from 1 December 1999)
- Act No. 152/1998 Coll. on *Complaints*
- Act No. 220/1996 Coll. on *Advertising* (the Ministry of Economic Affairs is currently preparing an amended version)
- Act No. 152/1995 Coll. on *Food*
- Decree No. 981/1196-100 of the Ministry of Agriculture and the Ministry of Health – *Food Codex*
- Act No. 272/1994 Coll. on *Human Health Protection*
- Act No. 455/1991 Coll. on *Trade Registers*.

During 1999 the Ministry of Economic Affairs passed Decree No. 18/1999 Coll. of 3 December 1998 regulating the *Labelling of the Composition and Care of Textile Products*.

Draft Decrees on *Footwear and Crystal Glass* are in preparation.

Drafts on *Doorstep Selling and Distance Selling* are also going through the legislative process.

All institutions involved in consumer protection, public and independent, are invited to comment on draft consumer legislation. The Association of Slovak Consumers systematically co-operates in this process, mainly with the help of its legal experts.

### 2.2 Responsibility for Consumer Policy and Affairs

Under Act No. 274/1993 Coll., the Ministry of Economic Affairs has the overall responsibility for consumer protection and policy in the Slovak Republic.

The Slovak Trade Inspection – the main agent in market supervision – and its Regional and District Offices are accountable to, and co-ordinated by, the Ministry of Economic Affairs.

The Slovak Trade Inspection (STI) has about

330 officers for the practical enforcement of the *Consumer Protection Act*. The STI, together with 8 regional offices and 79 district offices, deals with supervision of quality, standards, testing, trade practices, etc., on a daily basis. The district offices are mainly concerned with trade practices and consumer protection in the market place.

Other ministries and public bodies – the Anti-Monopoly Office, State Health Institutions, etc – are involved in various aspects of consumer protection, and specialist agencies – such as the Slovak Agricultural and Foodstuff Inspection – are responsible for monitoring particular services and sectors of the market.

The Consumer Policy Council, an advisory body to the Minister of Economic Affairs on consumer policy and priorities, acts as a forum for reviewing questions of consumer policy and priorities. The Chairman is the Head of the Consumer Protection and Internal Market Section of the Ministry of Economic Affairs; the Vice-Chairman is the representative of the Association of Slovak Consumers; and the members are drawn from relevant public and independent bodies.

The Head of the Consumer Protection and Internal Market Section is Eva Szaboová.

**Address:** Ministry of Economic Affairs,  
Mierová 19,  
827 15 Bratislava,  
Slovakia

**Tel:** + 421 7 4854 1815

**Fax:** + 421 7 4854 3205

**E-mail:** eszaboova@economy.gov.sk

The Head of the Consumer Protection Department in the Ministry of Economic Affairs is Jana Drgoncová.

**Tel:** + 421 7 4854 1817

**Fax:** + 421 7 4854 3205

**E-mail:** drgoncova@economy.gov.sk

## 2.3 Staff and Budget

The Section of Consumer Protection and Internal Market in the Ministry of Economic Affairs has a total staff of 23, seven of which

are consumer protection experts.

It has no separate budget; its costs are included in the overall budget for the Ministry of Economic Affairs.

The budget for the year 1999 (not complete) for the Slovak Trade Inspection was:

|                       | <u>SK</u>      |                                |
|-----------------------|----------------|--------------------------------|
| Running costs         | 63,797         |                                |
| Salaries              | 37,383         |                                |
| Products and services | 12,200         |                                |
| Income                | 8,530          |                                |
|                       | <hr/>          |                                |
| <b>Total</b>          | <b>121,910</b> | (approximately<br>2,830 Euros) |
|                       | <hr/>          |                                |

The budget for civil associations in 1999 was 1 million Slovak Crowns (SK) (approximately 23,250 Euros).

## 2.4 Functions

The principal functions of the Ministry of Economic Affairs and the Slovak Trade Inspection in respect of consumer affairs are:

- to promote and to improve consumer protection legislation, and to bring it into line with EU legislation
- to take measures to prevent dangerous products from entering the market and from remaining on sale
- to analyse samples of products and services in order to verify their quality, or to commission analyses from responsible bodies or organisations
- to ensure that sellers of goods and services comply with the Act and other relevant regulations
- to take appropriate measures against those who infringe the provisions of the Act
- to provide expert help to other state and regional bodies
- to co-operate with consumer organisations and provide them with expert help.

## 2.5 Enforcement

Enforcement of the provisions of the *Consumer Protection Act* and the associated

Act defining functions and responsibilities is entrusted to the Ministry of Economic Affairs and to the Slovak Trade Inspection, in collaboration with other ministries and inspection bodies.

## 2.6 Principal Programs and Priorities

The principal priorities of the Ministry of Economic Affairs in consumer protection are:

- harmonising the Slovak consumer legislation with the EU legislation
- promoting consumer organisations and their activities
- co-operating with the independent sector, according to the basic model of consumer organisations functioning in conditions created in the Slovak Republic
- running the Trapex system (Transitional Rapid Exchange of information on dangerous products) among the associated countries of Eastern and Central Europe, which Slovakia joined on 17 May 1999
- educating consumers with the help of the Phare fund
- informing consumers (the Ministry is preparing an Internet web-site containing the text of the consumer protection laws and information to the public: there will also be the possibility of consultation).

## 3 Independent Sector

### 3.1 General Characteristics

The establishment and functions of consumer organisations in Slovakia are bound by regulations governing the association of citizens under an Act passed by the Czecho-Slovak Federal Assembly in 1990, administered by the Ministry of the Interior.

Amendment of this Act is long overdue. There is, for instance, no control over the activity of organisations registered under the Act, which can give rise to problems now that the *Consumer Protection Act* provides for annual funding of consumer organisations as part of the national budget. With this in mind, and with a view to developing criteria for future eligibility for funding, the Ministry of Economic Affairs is currently in the process of analysing the activities and state of

development of all Slovak consumer organisations.

Independent organisations may also develop activities in the field of consumer protection under the Commercial Code and the *Act relating to Not-for-Profit Organisations* – but these activities are likely to have a more commercial character and thus to put a question mark over the purpose of this type of organisation.

There are currently 22 consumer organisations registered at the Ministry of the Interior under the 1990 Act governing the association of citizens. Eight of these are members of the Association of Slovak Consumers, whose work covers the whole of Slovakia.

Of the other registered organisations the Forum of Consumers appears to be the most active, with clear consumer objectives. It is too early to form a view of the Association of Consumer Organisations in Slovakia, which was created only in November 1999.

### 3.2 Association of Slovak Consumers (ASC)

Združenie Slovenských Spotrebiteľov (the Association of Slovak Consumers) was founded on 10 February 1990 – almost exactly 145 years after Samuel Jurkovic set up his Farmers' Credit Union as a defence against unfair merchants, and the first consumer organisation to be established in the former Federal Republic of Czecho-Slovakia. ASC celebrated the 150th Anniversary of this proto-consumer body with a well-attended conference in Bratislava in February 1995 on 'Consumer Organisations and the Role of the Consumer Society in Central and Eastern Europe'.

ASC became an affiliate member of Consumers International in 1991, and has been a full member since 1994.

The first phase of its activity lasted until the end of 1993 (the Federal Republic had been dissolved in January 1993). By this point, some 40 regional and city clubs had been set up, with some 2,200 members in all.

After this, however, partly social but mainly economic reality forced ASC to abandon its aim of developing a mass membership on a national basis. It decided instead to operate on an 'enclave' basis, through a number of regional centres covering the whole territory of Slovakia. This was initially made possible at the end of 1993 by means of a two-year consumer advice project supported professionally and financially by the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV). This led to a co-ordination centre being opened in Bratislava and regional centres set up in Nove Zamky, Banska Bystrica and Kosice with trained staff.

Since 1996, the Ministry of Economic Affairs has accepted an obligation to provide funding for the work of consumer organisations, and as a result ASC's centres were able to continue in operation after the end of the AgV project.

The Ministry's total contribution has amounted to about 1 million SKs (approximately 23,000 Euros) in each year – the amount being less significant than the effect on the organisation's stability and the continuity of its activities. The money is used for projects set out in ASC's strategic plan for the years 1997 – 2000, which was accepted by the Council of Consumer Policy of the Slovak Republic.

The principal project during this period has been the development of an information database, in the first place as support to the Consumer Advice Centres. This catalogue system, InfoSeek ASC, was developed between July 1998 and June 1999, again with the help of AgV and the Ministry of Economic Affairs, and is seen as a vital tool in consumer advice, education and information.

The President of the Council and Representative by Statute is Julius Koval.

The Director and Representative by Statute is Prof. Pavel Hrasko.

**Address:** Association of Slovak Consumers,  
Palisady 22,  
811 06 Bratislava,  
Slovakia

**Tel/Fax:** + 421 7 544 111 48

**E-mail:** zss@zss.sk

Other prominent members include:

Jozef Simulik (President of the Control Commission of ASC)

Josef Lounek (First Vice-President and Director of the Consumer Institute)

Lydia Ondrejko (Vice-President of the Council)

Barbora Simulikova (Office Manager).

The Consumer Institute plays an important part in the structure of ASC as a kind of club of professionals although it does not attract international funding. Its members are mainly academics, and its practical work consists of consumer research, analytical studies, monitoring of various kinds and the development of information systems. Its close links with the University of Economics in Bratislava (Faculty of Commerce, Centre of Further Education) are a key factor in its success.

### 3.3 Membership

The assembly of members of ASC is an important event which takes place every four years – most recently in December 1998. On that occasion the principle of developing ASC by means of regional 'enclaves' was confirmed. Thus there are eight independent legal entities and 25 consumer centres under the overall umbrella of ASC. The underlying membership is in excess of 3,200.

ASC is governed by an Executive Council of 15, together with a three-person Control Commission. The President and Director of ASC are representatives on the Council by Statute, but the former policy of rotating the principal offices has been dropped.

### 3.4 Finance and Staff

ASC's total annual income is currently around 3 million SK (approximately 70,000 Euros). Of this, the Ministry of Economic Affairs contributes about one third; one third comes

from income arising from the research and other activities of the Consumer Institute; and one third derives from contributions from regional governments, international programmes, etc. Most of this income can be spent only on external costs, and not on staff or running expenses. As a result, ASC has been able to employ only part-time staff on contract (8-10), with all other activists working on a voluntary basis.

### 3.5 Principal Activities and Priorities

ASC's main goal is to provide continuity in its services. Within that overall aim, it has a number of particular priorities:

- The major priority is the further **development of *InfoSeek* ASC**, extending it to new consumer centres, adding to its thematic index or installing it in new places such as libraries and schools. Created with the help of AgV (see 3.2 above), *InfoSeek* ASC is Slovakia's first consumer information database.
- Next comes the **expansion of consumer education in schools and colleges**. Work to date is showing good results at all levels of state schools. ASC collaborates with a large group of teachers in both primary and secondary schools, though there are financial difficulties in completing the programme of work in that area.

The University of Economics in Bratislava is in its sixth year of teaching 'Consumer theories and facts' – a subject studied by more than 300 students last year. It is also taught at the University of Constantine the Philosopher in Nitra. 15 dissertations on aspects of consumer protection are presented each year.

ASC has also initiated an annual competition for schools to produce a consumer magazine on the theme *Consumption and Life*. This is organised (in association with the Ministries of Economic Affairs and Education) mainly by a group of enthusiastic teachers from Stara Lubovna in North Slovakia, and is supported by the Association. 32 schools took part in the most recent competition,

presenting a total of 52 magazines. They were judged on their ability to present consumer issues and advice.

- ASC's **media activities**, both in the press and in radio and television, are becoming more and more important as a consequence of *InfoSeek* ASC. Serious columns or pages on particular consumer themes are now frequently appearing in Slovak newspapers and magazines, and the publishing activities of ASC's members are on the increase.

At the moment, there are difficulties in publishing consumer magazines in Slovakia. *Terc* (*Target* – formerly published by ASC) and its successor *Terc* OSC have had to cease publication for economic reasons. *Terc* OSC still sometimes appears as a supplement to some regional newspapers. The Association of Slovak Media, which is a member of ASC as an independent legal body, publishes a monthly magazine *Test*, with something of a consumer character and professional standards, but it has to function as a commercial operation to survive. It reprints comparative test reports from other consumer magazines, but has no resources to carry out its own testing. *Test* has a circulation of between 40,000 and 50,000 (7,500 by subscription, the remainder through retail outlets), and aims to increase this in rural areas by lowering the cover price – a marketing strategy possible only because almost all the magazine's income comes from advertising and business support.

- **International co-operation** is the fourth priority area for ASC. The closest bi-lateral ties are with Hungary and Poland: and recently, relations have become closer with Czech consumer organisations, particularly the magazine *d-TEST* and the Association of Czech Consumers. ASC hopes to expand its international connections and co-operation.

### 3.6 Other Slovak Consumer Organisations

Before the foundation of SCA in 1990, another small group of journalists and activists had come together to campaign against the abuse of consumer rights. Known as the Bratislava

Forum and headed by Dr. Marta Cerna, it commanded much media support. After Dr. Cerna was appointed Director of the Commercial Inspection in 1991, a position in which she exercised her consumer sympathies and campaigning energies, the Forum as such gradually became dormant. Since her retirement the Forum has revived its media contacts and continues to attract a great deal of publicity.

Now called Forum Spotrebiteľov (Consumers' Forum), it is particularly active in consumer education. With financial support from the Phare Programme it has organised an internationally-attended seminar on the subject, and has put together a two-hour video entitled *School for Small Consumers* which is being used as teaching material in elementary and high schools. The Forum has published three booklets, two dealing with basic consumer rights (free), and a third (for sale) called *Consumer – Protect Yourself*.

The Forum has a regular fortnightly column in a Bratislava daily newspaper; three live radio spots each month; and an hour of consumer consultation twice a month on a live TV programme. It also provides personal counselling three days a week in Bratislava.

The Chairman of the Forum is Dr. Marta Cerna.

**Address:** Forum Spotrebiteľov (Consumers' Forum),  
Na Kalvarii 7,  
811 04 Bratislava, Slovakia

**Tel/Fax:** + 42 1 547 714 36

As mentioned earlier, there are a number of other small organisations registered under the Act of Association of Citizens (which dates back to 1990 and is in need of amendment). It is unclear whether or not these groups are actively or regularly engaged in the work of promoting the consumer interest.

However, in November 1999, the Association of Consumer Organisations of Slovakia was established as an umbrella body for various local groups.

The President of the Association is Dr. Marta Cerna.

**Address:** Association of Consumer Organisations of Slovakia,  
Ursulinska 11,  
811 01 Bratislava,  
Slovakia

Mgr. Margita Palusova is a Member of the Administrative Council.

**Address:** Horny Val 24,  
010 01 Zilina,  
Slovakia

**Tel:** + 421 89 5625 992



# Slovenia

## 1 Summary

**After many years of preparation, the *Consumer Protection Act* finally came into force on 26 February 1998. The Act in part consolidates elements of earlier legislation and in part brings Slovenian law into line with most of the requirements of the European Union (EU) *Acquis Communautaire*. It also includes an innovative section setting out the basis for a national consumer protection programme, under which certain consumer protection activities are to be treated as a permanent public service. These activities are defined as advising consumers, informing and educating consumers and carrying out comparative assessments of goods and services.**

Consumer affairs and enforcement are now under the overall jurisdiction of the Ministry for Economic Relations and Development. The development of consumer policy is primarily the responsibility of the Office for Consumer Protection (OCP), which was established under the Organisation and Competence of Ministries Act, 1994. The Slovene government set up the Office with the appointment of the first Director in September 1996. OCP's responsibilities include, in particular, drawing up the national consumer programme prescribed in the *Consumer Protection Act*, as well as working with educational establishments on the introduction of consumer education and information; comparative testing of goods and services; activities of other ministries in the field of consumer protection; and supporting the development of non-government consumer organisations. Enforcement of consumer law is entrusted mainly to the Slovene Trade Inspectorate.

The new legislation also provided for the creation of two Advisory Councils, one on competition issues and the other on consumer affairs. However, only the Consumer Advisory Council has been set up: its representatives include relevant government bodies, consumer organisations, chambers of commerce and distinguished experts in the area of consumer protection. The Advisory Council on Competition was written out of the 1999 *Competition Act*.

The *Consumer Protection Act* envisages that, under the national programme, some public services will be carried out on the basis of concessions to consumer organisations recorded in a Register set up by OCP. This recognises two important points of principle: that working for the consumer interest can be split effectively between government and non-government agencies; and that independent consumer associations can legitimately expect financial support from the state for their services to the community. However, there have been some early difficulties in converting the principles into practice which need to be resolved if the public and private sectors are to work together in harmony.

The Register currently includes seven organisations: the national Slovene Consumers' Association (Zveza Potrošnikov Slovenije – ZPS); its research unit, the International Consumer Research Institute (ICORI); and five local groups founded recently with the support of the government – the Consumer Protection Association of Celje; the Consumer Protection Institute of Ljubljana; the Consumer Association of Zasavje; the Consumer Association of Pomurje; and the Consumer Association of Primorska.

The government offers assistance and co-funding on an equal footing to all groups that provide consumer advice services, irrespective of their size or experience. There are currently nine consumer advice offices in the whole of Slovenia, operated by five different organisations.

Breda Kutin, an economist and former researcher at the home economics institute 'Domus', founded ZPS in June 1990. It was modelled on the pioneering consumer organisations of the west, with a paying membership, a research- and test-based magazine, and a pro-active approach to consumer policy-making and campaigning. The organisation has grown organically, by ensuring that financial resources matched plans and programmes.

ZPS launched its magazine, *VIP*, in 1991. In 1998, its production was transferred to ZPS' research arm, ICORI. ICORI has entered into an arrangement with Slovenia's largest national daily newspaper *DELO* to handle promotion, subscription administration and distribution of the magazine, to try to enlarge the magazine's readership and enhance its financial viability. The 1998 promotion campaign increased monthly circulation to around 8,000. *VIP* covers basic questions of food, diet, energy-saving, health and social services, educational problems, water supplies and so on. It also includes test reports on products and services on the Slovenian market and results of joint tests with International Testing and Consumer Research, as well as adaptations of reports from other countries' consumer magazines.

The Association helps individual consumers with their problems through an advice centre and legal advocacy office based at its headquarters in Ljubljana. Financial support from the EU Phare Democracy Programme and from the Slovene government enabled ZPS to open five new advice centres between 1994 and 1996. However, the Ministry's policy changed fundamentally in 1997. It started to encourage competition for resources from small newly-formed consumer groups at the expense of the established advice centres – without evaluating the value of its investment in ZPS' network (which included expert legal

support and maintenance of a complex information database) or of the quality of its results. The funding cuts that resulted have made it increasingly difficult to sustain the network, and in 1999, ZPS was forced to close all but one of its centres. Five of these centres have re-opened in the same premises with the support of OCP: three are under the management of the former staff, who have registered new consumer associations: two have been taken over by another local group.

In 1993, in order to build a professional research base which could carry out research for consumers, for the Slovenian government and, potentially in the longer term, for the consumer movement in the Central European region, the Association set up an International Consumer Research Institute (ICORI). As well as carrying out the research for the magazine, ICORI has a number of government research contracts. ZPS and ICORI work with several ministries – the Ministry of Economic Relations and Development, the Ministry of Health, and the Ministry of Environment and Physical Planning: and carry out policy research on their behalf (funded through public tender). ICORI has also been working jointly with the UK International Consumer Policy Bureau, a privately owned consultancy, on a project to draw up guidelines on administering the consumer policy function in government and on the relationship between government and the independent consumer movement in Central and Eastern Europe. This project has spanned a total of five years. The first part, completed in 1996, resulted in the production of the first two editions of this Handbook on Consumer Policy and Consumer Institutions in Central and Eastern Europe. The findings of the second part were discussed at seminars in Bucuresti and Brussels in the autumn of 1999, and published as Guidelines for consumer policy in Central and Eastern Europe at the end of the year. This part of the project also includes an update of the Handbook, due out in the spring of 2000. Both projects have been funded by the Phare Programme through the Consumer Institutions and Consumer Policy Programme, administered by Consumers International and the Centre de Droit de la Consommation at Louvain-la-Neuve, Belgium.

## 2 Public Sector

### 2.1 Legal Framework

Slovenia signed an Association Agreement with the European Union in June 1996. The Agreement was ratified by the Slovene Parliament in July 1997. It contains clauses on harmonisation of consumer legislation with that of the EU, and commits both signatories to promote active consumer protection policies through government and non-government organisations in equal measure.

The *Consumer Protection Act*, which finally became law in February 1998, covers a wide field. It deals in detail with all the basic consumer issues, such as the general obligations of producers, sellers of goods or providers of services. In addition, it covers most of the consumer Directives adopted by the EU. These include product liability, warranties, advertising, unfair contract terms, price marking, sales away from business premises, distance selling, package travel and timeshare – though further regulations may be needed under some of these headings before they will be fully compatible with EU legislation.

It also sets out the basis for a national consumer protection programme in a set of Articles which are, so far, unique in Central and Eastern European consumer legislation:

- Article 66 requires the activities of informing and educating consumers, and of assessing goods and services comparatively, to be performed as a not-for-profit public service 'whose permanence and continuity shall be ensured in the public interest by the Republic of Slovenia';
- Article 67 defines the shape and content of the programme, in particular its principles and goals; its priority tasks in the implementation of policy; the type of tasks to be carried out on the basis of concessions; the approximate funds needed a) for the programme as a whole and b) for promoting the development and operation of consumer organisations;
- Article 68 says that, on the basis of a concession, a public service may be performed by consumer organisations recorded in the Register held by OCP, and by professional non-profit organisations with expertise in consumer research and protection;
- Article 69 defines the procedure for awarding concessions based on public tenders.

The Office for Consumer Protection (OCP) is given the task of drawing up the programme. The eligibility of non-government organisations to participate has been defined in Regulations on the Mode and Requirements for the Entrance in the Register of Consumer Organisations. There are, however, no criteria for differentiating between different types of organisation, as envisaged in the draft version of the law.

The original intention had been to complement the *Consumer Protection Act* with a *Prices Act* (dealing especially with the price of utility services) and a Market Inspection Act (to streamline enforcement powers and procedures). The *Market Inspection Law* has been in force since March 1997, and the *Prices Law* came into effect in July 1999.

The Consumer Protection and Market Inspection Acts absorbed or replaced provisions from several former Yugoslav laws. However, there is still a substantial body of legislation covering particular aspects of the consumer interest, including:

- the *Law on Obligations* (Official Gazette SFRJ 29/78, 39/85, 57/89), which includes sections on entitlement to damages, liability for material and legal defects, warranties for the correct performance of technical products, package tours, etc.
- the *Law on Standardisation* (Official Gazette RS 1-5/95)
- the *Trade Law* (Official Gazette RS 18/93)
- the *Law on Protection of Competition* (Official Gazette RS 18/93), which has been

changed in part, and replaced in 1999 by a new Act on Preventing Restriction of Competition

- the *Price Law* (Official Gazette RS 63/99), on the basis of which the government lays down or controls all prices
- the *Law on Sanitary Requirements of Foodstuffs and Consumables* (Official Gazette SRS 55/78, 59/85), which lays down that the compositions and constituents of foodstuffs and general consumables should present no hazard to health
- the *Law on Sanitary Control over Foodstuffs* (Official Gazette SRS 17/75, 42/86), which aims to provide the population with foodstuffs free from health hazards, and thus to protect public health. This law also sets out provisions for protecting public health by means of withdrawing foods from circulation, prohibiting food products likely to pose risks for consumers, etc.
- the *Law on Quality Control of Agricultural and Food Products in Foreign Trade* (Official Gazette SFRJ 28/75, 70/78, 54,86, 30/91)
- the *Law on the Promotion of Tourism* (Official Gazette 57/98), which has been brought into line with the EU legislation by the inclusion of a provision on mandatory insurance for travel agencies against insolvency
- the *Law on Catering Activities* (Official Gazette RS 1-7/95).

New laws covering toy safety, cosmetics and textile labelling are in preparation as part of the EU harmonisation programme.

## 2.2 Responsibility for Consumer Policy and Affairs

Under the *Consumer Protection Act*, the Ministry of Economic Relations and Development continues to exercise the overall responsibility for introducing, extending and enforcing consumer legislation.

The Office for Consumer Protection (OCP), set up in autumn 1996, is accountable to the

Minister for the development of policy (see 2.4 below for its main functions).

The State Inspectorate, also accountable to the Ministry, is the principal enforcement authority.

The *Consumer Protection Act* also provides for the establishment of an Advisory Council of Experts under OCP. Its members – representatives of consumer organisations, chambers of commerce and trade associations and the relevant government bodies, plus appropriate experts – were appointed by the Ministry on 30 June 1998.

Other ministries deal with consumer issues within the framework of their responsibilities:

- the Health Inspectorate, under the Ministry of Health, is in charge of control and inspection of foodstuffs and consumables, medicines and drinking water;
- the Veterinary Administration, under the Ministry of Agriculture, Forestry and Food, controls the production, distribution and export of foodstuffs of animal origin;
- the Environment Inspection, under the Ministry of Environment and Physical Planning, looks after the enforcement of housing regulations;
- the Administration for Telecommunications, under the Ministry of Transport and Telecommunications, is in charge of consumer issues connected with telecommunication services;
- the Direction for Energy Supply and the Agency for the Efficient Use of Energy come under the Ministry of Economic Affairs.

The Minister for Economic Relations and Development is Prof. Dr. Marjan Senjur.

**Address:** Ministry for Economic Relations and Development,  
Kotnikova 5,  
1000 Ljubljana, Slovenia

**Tel:** + 386 61 178 35 12

**Fax:** + 386 61 178 35 22

The Director of the Office for Consumer Protection is Dr. Vida Cadonic Spelic

**Address:** Office for Consumer Protection,  
Kotnikova 5,  
1000 Ljubljana, Slovenia

**Tel:** + 386 61 178 36 14

**Fax:** + 386 61 178 36 01

The General Trade Inspector of the Trade Inspectorate is Roman Kladossek.

**Address:** Trade Inspectorate of the Republic of Slovenia,  
Parmova 33,  
1000 Ljubljana, Slovenia

**Tel:** + 386 61 317 686

**Fax:** + 386 61 319 093

The Advisory Council for Consumer Protection, under the Office for Consumer Protection, comprises:

#### Chairman

- Prof. Dr. Marko Ilesic (University of Law, Ljubljana)

#### Members

- State Secretary, Ministry for Economic Relations and Development
- Director, Office for Consumer Protection
- Representatives of relevant government bodies:
  - Ministry of Economic Affairs
  - Ministry of Health
  - Ministry of Agriculture, Forestry and Food
  - Trade Inspectorate
- Representatives of consumer organisations (4)
- Representatives of commercial chambers and associations, and individual experts (national and international) (5)
- Representatives of other bodies:
  - Tourists' Association of Slovenia
  - Office of Civil Rights Ombudsman

### 2.3 Staff and Budget

The Office for Consumer Protection, which is the agency within government fully dedicated to consumer affairs, has a staff of three people. Its annual budget for 1999

was 52 million tolar (equivalent to about 300,000 Euros), excluding salaries and connected costs.

The Slovene Trade Inspectorate had a total staff throughout the country of 159 (135 inspectors) at the end of 1997. Its annual budget for 1998 was 776.6 million tolar (equivalent to about 4,600,000 Euros).

### 2.4 Functions

The principal consumer functions of the Ministry for Economic Relations and Development, exercised by the Office of Consumer Protection, are:

- to draw up, and administer in association with the relevant state bodies, technical and educational institutions, and non-government organisations, the programme of consumer protection to be adopted by the Slovene government
- to develop consumer policy and law
- to co-ordinate and oversee the organisation of:
  - consumer education and information
  - comparative testing of goods and services
  - consumer advice
  - activities of ministries and technical institutions in the field of consumer protection
- to co-operate with, and support the development of, non-government and not-for-profit consumer organisations
- to co-operate with international consumer agencies at the technical and administrative level.

The Advisory Council under the Office for Consumer Protection should also be involved in preparing the national programme and the annual programme for consumer protection. In addition, it should provide expertise and advice to the Office on policy, draft legislation and other consumer questions.

### 2.5 Enforcement

The Slovene Trade Inspectorate is responsible

for control and inspection functions arising from the implementation of the *Consumer Protection and Market Inspection Acts*. In particular, it carries out market surveillance in the areas of:

- trade
- consumer protection
- standardisation
- catering and tourism
- moonlighting
- unfair competition
- pricing policy
- compliance with rules and regulations by economic operators
- metrology
- protection of copyright and industrial property rights.

It is also partly responsible for ensuring compliance with other laws, such as:

- foreign exchange transactions law
- banking law
- public health law
- securities market law
- law on public institutions
- gambling law.

These functions apply to the domestic market, to border controls and to requirements for imports in the country of origin.

Its powers and areas of responsibility have greatly extended, and will continue to extend, with the expansion in consumer law under the EU harmonisation programme. For instance, offences under the law now include irregularities in documents such as warranties, instructions for use, lists of service agents, declarations of content, etc., and are subject to substantial fines both against the individual and the company. Similar penalties are exacted for failure to mark the price of goods and services, failing to issue a receipt for goods sold, inappropriate packaging and poor handling of consumer complaints.

Consumer complaints are also a major factor in the work of the Inspectorate itself. It estimates that inspectors spend around a quarter of their time handling and resolving complaints: and problem areas in the market place revealed by complaints help to

determine its priorities for surveillance.

Some problems are caused by a measure of overlap with the authority of other government agencies such as the Health, Veterinary and Agricultural Inspectorates, which deal with different aspects of the same sectors of the market. There is currently no joint working party or committee to help avoid these difficulties and to ensure a consistent approach.

## 2.6 Principal Programmes and Priorities

The Ministry for Economic Relations and Development and OCP had four main priorities for 1999:

- creation of a national programme for consumer protection (both short term and longer term) (the draft has now been adopted by the government, and was sent to Parliament for first reading in July 1999)
- continuation of the legislative programme in line with the EU *Acquis Communautaire* (in particular, draft bills on price marking and product safety)
- support of the consumer advice network by means of concessions granted via public tenders
- initiation of a programme of consumer education in primary schools.

## 3 Independent Sector

### 3.1 Slovene Consumers' Association

Zveza Potrošnikov Slovenije (Slovene Consumers' Association – ZPS) is a national consumer organisation founded in June 1990. It is a non-government, not-for-profit, membership association, independent of all interests other than those of the consumer, and governed by an elected Council.

It involved itself from the beginning with the agenda of a developed society and economy – not merely survival issues, or price comparisons and 'best buys', but complex problems such as fraud in car leasing,

excess levels of consumer debt, unfair contract arrangements between banks and borrowers and high-handedness of state officials over personal savings deposits. On all these issues, ZPS researched, published and campaigned.

Since 1991, the Association has published a consumer magazine, *VIP*, though in 1998, due to a drastic reduction in the co-funding from OCP, its monthly production was transferred to ZPS' research arm, the International Consumer Research Institute (ICORI) (see 3.6 below).

ZPS produces educational booklets; runs a general consumer advice service by telephone and in person, plus a specialised legal advice and advocacy service, from its headquarters in Ljubljana; and lobbies the government and Parliament on legislative matters. All Slovene media regularly and extensively cover its activities and campaigns.

From the start, ZPS accepted the principles of the international consumer movement in its constitution and practices. It joined Consumers International in 1991, initially as an Affiliate Member, later as a full Member, and finally, from October 1994, as an elected Council Member. In 1993, it became the first member from Central and Eastern Europe of International Testing (IT), a consortium of consumer organisations working together on joint test programmes of products and services; and in 1995 of the Brussels-based European consumer organisation, Bureau Européen des Unions de Consommateurs (BEUC), which lobbies on consumer legislation.

The President of SCA (since 1990) is Breda Kutin, who is also Editor-in Chief of *VIP*.

**Address:** Zveza Potrošnikov Slovenije,  
Frankopanska 5,  
1001 Ljubljana, Slovenia

**Tel:** + 386 61 1740 600

**Fax:** + 386 61 1333 3371

**E-mail:** zveza.potrosnikov-slo@guest.arnes.si

### 3.2 Membership

Membership is exclusively individual: there are no corporate members of ZPS. It costs

6,480 tolar per annum (approximately 35 Euros) – a realistic price rather than the token fee charged by most Eastern European consumer organisations to ensure that cost is not a barrier to joining. There are currently approximately 7,000 members: all receive the magazine *VIP* as part of their subscription (since 1998, *VIP* subscribers are also, by definition, members) and are entitled to free legal advice.

### 3.3 Staff

The Association has 8 full-time and 2 part-time paid staff, plus a number of volunteers.

### 3.4 Finances

ZPS has always drawn on various sources for its income – a blend of government grants, research contracts, external projects (funded, for instance, by the Phare Democracy Programme) and membership fees, sales of the magazine and contributions to the legal service.

Over the last few years, however, ZPS has found it increasingly difficult to maintain its level of services as a result of reductions in government funding. Despite the government's commitment in the *Consumer Protection Act* to support consumer education, information programmes and comparative assessments of goods and services – all of which are included in ZPS' activities – it has so far not backed the principle with adequate finance on a dependable basis. In 1997, for instance, the government's contribution to the cost of maintaining ZPS' consumer advice network was reduced from 70% to 50%. Further reductions in 1998 and 1999, coupled with constraints in the annual tendering conditions, have finally forced ZPS to abandon the network and concentrate advice-giving in its Ljubljana headquarters.

ZPS has experienced similar reductions in support for its magazine *VIP* – from 70% to 16%. Since *VIP* contains no advertising and has no means of paying for its research content other than through membership income, sales and grants, it has had to find new ways of trying to cover its costs, including transferring production to its research arm, ICORI.

In this situation, specific funded projects, consumer research assignments for particular ministries and international activities have assumed increasing importance. For instance, for the past two years, ZPS has been engaged in a German-Slovene project focusing on the development of patient rights and consumer advice on financial services. It was originally intended as an extension of ZPS' expertise and outreach, but it has become, in addition, an important component in financial survival.

Total income from all sources in 1998 was 54 million tolar (equivalent to about 340,000 Euros).

### 3.5 Principal Priorities and Programmes

ZPS' main activities and priorities are:

- consumer advice and information

The first advice centre opened in 1991 in Ljubljana, followed in 1994 by centres in Maribor and Zagorje. In 1995, ZPS and ICORI succeeded in obtaining funds from the EU Phare Democracy programme for two associated projects: the establishment of a chain of consumer advice centres, together with the necessary staff training; and the creation of an information system to provide them with the necessary back-up. Their partners in this enterprise were the German consumer organisation, Arbeitsgemeinschaft der Verbraucherverbände (AgV), Consumers International and a UK specialist.

The network of centres was expanded to include Litija, Nova Gorica, Velenje and Murska Sobota, with plans to extend it to Jesenice, Ptuj, and Novo Mesto if funds permitted and local authorities were willing to participate. However, as noted above, these plans have had to be abandoned, and in 1999, five of ZPS' centres closed, leaving only the Ljubljana centre.

With the support of the German government through its Agency for Technical Co-operation (Gesellschaft für Technische Zusammenarbeit), ZPS has also acquired the knowledge and training to be able to provide advice on patient rights, health and banking services. AgV was

again its major partner in this enterprise which spanned 1997 and 1998.

General consumer advice, in person, by telephone or by post, is free of charge and covers:

- rights arising from sales contracts for goods and services, and from contracts with housing management agencies, package travel operators, financial service providers and public utilities
- health services and patient rights
- home appliances.

More complex problems with legal implications are passed over to ZPS' legal advocacy office.

- consumer representation and advocacy

Consumer advice is also given through ZPS' own legal advocacy office. It helps consumers gain redress and assert their rights in disputes with manufacturers, dealers and providers of services. Where there is evidence of large-scale injustice, or the possibility of establishing a legal precedent, the Association's legal staff will take cases to court on behalf of consumers, and will use the subsequent publicity to lobby ministers for improvements in the law or enforcement.

ZPS' first major case goes back to 1991. The issue was the repayment of long term housing loans involving some 1,000 victims and nine lawsuits against the bank SKB. The next major case was in 1993, concerning guarantees for investors' deposits in a bankrupt bank. Again, more than 1,000 sufferers were involved. ZPS filed 400 claims for compensation against the state of Slovenia for having made a procedural mistake in registering the bank. Between 1992 and 1994, ZPS also filed 200 suits against an authorised dealer of Citroen cars for refusing to pay interest on prepayments for cars delivered 3-5 months after the promised date.

In 1999, with the support of the British Know-How Fund, ZPS embarked on a project to develop a system for resolving disputes out of court in the areas of banking, health care and telecommunications.

- publishing and media work

VIP is a consumer magazine on the 'classic' western model: no advertising is accepted: it includes the results of tests carried out on products and services on offer in Slovenia, as well as adaptations of comparative test reports from Western European consumer magazines, together with general consumer information. It is both an educational tool and a campaigning platform.

Now published monthly by ICORI (see 3.6 below) in close co-operation with ZPS, *VIP* has a circulation of around 8,000.

The Association's educational work includes the publication of booklets for consumers on a number of subjects, financed by the Ministry for Economic Relations and Development, the Ministry of Health and the Ministry of Environment and Housing. Fourteen booklets have so far been produced, including one on Consumer Rights which was distributed to every household in Slovenia (600,000 copies).

ZPS' work has widespread media coverage through the press, radio and TV. For almost two years it ran jointly with National TV a regular one-hour consumer programme, *Consumer Court*, live on the first network at prime time. It both initiates and responds (its views are constantly sought on the issues of the day). It also provides regular weekly or monthly columns to national and local newspapers – notably a monthly consumer page produced jointly with the Sunday edition of *DELO*, now into its second year.

### 3.6 International Consumer Research Institute (ICORI)

In June 1993, ZPS, with encouragement from the UK Consumers' Association and some individuals in the consumer field who joined the Board, set up an International Consumer Research Institute in Ljubljana.

The Institute is the research arm of ZPS, and is involved in comparative testing methodologies, comparative assessments

(so far mainly of services), survey and desk research, and material for information booklets for consumers. With support from the Ministry of Economic Affairs, ICORI is involved in checking the safety of consumer products. It is also carrying out consumer policy research on a national and international basis.

With support from the Phare Democracy Programme and co-financing from the Slovene government, it has created an information system to back up its consumer advice work: and with finance provided by the Consumer Institutions and Consumer Policy Programme (funded by the Phare Consumer Institutions and Consumer Policy Programme I and II), it has worked with the International Consumer Policy Bureau (Scotland) between 1995 and 2000 on a two-part research project. The first part resulted in the publication in 1995/96 of the first two editions of this *Handbook on Consumer Policy and Consumer Institutions in Central and Eastern Europe*. The second part, completed in March 2000, led to the production of *Guidelines for consumer policy in Central and Eastern Europe*, which were discussed at seminars in Bucuresti and Brussels in the autumn of 1999 and published at the end of the year: and also of a fully updated and revised edition of the *Handbook* (to be published in the spring of 2000).

The Chairman of the Board of ICORI is Ziva Drol Novak.

The Research Director is Breda Kutin.

#### Address:

International Consumer  
Research Institute (ICORI),  
Frankopanska 5,  
1001 Ljubljana, Slovenia

**Tel:** + 386 61 1740 610

**Fax:** + 386 61 133 33 71

**E-mail:** breda.kutin@guest.arnes.si

### 3.7 Staff

ICORI has three full-time paid staff and several researchers on a contract basis.

### 3.8 Finances

ICORI's research and policy work is financed via project contracts for which it submits tenders, either within Slovenia or in the European Union (various PHARE programmes).

In 1998, its total income was 27.3 million tolar (equivalent to about 160,500 Euros).

### 3.9 Other consumer organisations

In addition to ZPS and ICORI, there are currently five small, recently formed consumer groups on the government's official Register:

- the Consumer Protection Association of the city of Celje (1997)
- the Consumer Protection Institute of Ljubljana (1997)
- the Consumer Association of Zasavje (1998)
- the Consumer Association of Pomurje (1999)
- the Consumer Association of Primorska (1999).

These groups are involved primarily in running consumer advice centres, and are financed entirely by central and local government.







